



# Vale of Glamorgan County Borough Council

Statement of Accounts 2022/23 Year Ended 31st March 2023.

## Statement of Accounts 2022/23

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## Narrative Report

### Introduction

This document presents the Statement of Accounts for The Vale of Glamorgan County Borough Council for 2022/23 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The Vale of Glamorgan Council is a Welsh Unitary Authority and was created on 1<sup>st</sup> April 1996 by virtue of the Local Government (Wales) Act 1994.

The Council serves one of Wales' most diverse local authority areas, covering rural and coastal communities and busy market towns. It has a population of around 135,000, making it the 11<sup>th</sup> largest authority by population size of the 22 local authorities in Wales.

It provides a wide range of services including Education, Social Services, Highways, Waste collection and Council Housing.

The narrative report provides insight into the Council's funding and expenditure during the year, the key financial issues and pressures and a look to future years.

### Governance Structure

The Vale of Glamorgan Council had 54 elected members in 2022/23, representing 24 wards. The political make up of the Council during the 2022/23 financial year was 13 Conservative, 25 Labour, 8 Vale Independents Group, 8 Plaid Cymru, 4 Llantwit First Independent and 4 Independent Elected Members. The Council is led by the Leader and Cabinet, a body of 8 Councillors (including the Leader with one position temporarily vacant and the portfolio shared between two Cabinet Members) that makes key decisions about policy and budget.

The Council also has a number of committees that fulfill various scrutiny, statutory oversight and regulatory functions including a Governance and Audit Committee. The Governance and Audit Committee's membership was increased to 6 members and 3 lay members in May 2022. The Committee has a responsibility to review the Council's annual statement of accounts.

The Council's Chief Officers are divided into Directors, Heads of Service and Operational Managers. As service managers they make recommendations to and are held accountable by the Cabinet.

In line with recent changes in legislation the head of paid service is the Chief Executive, formerly being the Managing Director. The Senior Leadership Team led by the Chief Executive comprises the Directors of Corporate Resources, Place, Social Services, Learning & Skills and Environment & Housing along with the Council's s151 Officer and Monitoring Officer.

During the 2022/23 financial year as a result of the ongoing Covid-19 pandemic Cabinet meetings, Scrutiny Committees and Governance and Audit Committee have been held remotely. Since the Covid-19 pandemic significant numbers of staff continuing to work utilising a hybrid approach to working.

### Summary of Financial Performance – Revenue

The financial position for the Council is regularly reported to Cabinet and Scrutiny Committees during the year. The Closure of Accounts report for 2022/23 will be reported to Cabinet on 6<sup>th</sup> July 2023 and can be accessed on the Council Website.

The 2022/23 settlement from Welsh Government sustained the increase in funding that was evidenced in the 2021/22 settlement. The Council received an initial Revenue Support Grant of £138.065m and National Non-Domestic Rate of £47.950m which equates to total funding, referred to as the Aggregate External Finance (AEF) of £186.015m. This represented an increase in funding of £17.5m (10.4%) from the previous year after taking into account adjustments. Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2021/22) on a funding per head of population, which is £239 per head below the Welsh average (£222 per head below in 2021/22). With a positive settlement the Council was able to set a lower savings target for the year of £500k, with no savings being requested from schools. Service areas made some good progress towards achieving these savings during 2022/23 and as part of the preparation for the 2023/24 budget.

The anticipated level of funding to be received from Council Tax in 2022/23 was £86.543m (£83.337m in 2021/22). This was based on a Band D rate of £1,396.35 (£1,357.02 in 2021/22), excluding Police and Town and Community Council precepts. The Vale of Glamorgan has the 8th (out of 22) lowest Band D charge in Wales at £1,396.35 which is 3.8% (£53.03) below the Welsh weighted average.

Welsh Government and UK Government advanced grant funding to support the Cost of Living crisis and Refugee Resettlement schemes during 2022/23.

The Council's revenue budget at year end was a breakeven position after a net transfer from reserves of £17.029m. A breakdown by Directorate is shown in the following table.

|                                | <b>Amended Revenue Budget</b> | <b>Actual</b> | <b>Variance +Favourable<br/>( ) Adverse</b> | <b>Net Transfer to /(From) Reserve</b> |
|--------------------------------|-------------------------------|---------------|---|--|
|                                | £'000                         | £'000         | £'000                                       | £'000                                  |
| <b>Learning &amp; Skills</b>   | 122,578                       | 122,627       | (49)  | (6,548)                                |
| <b>Social Services</b>         | 80,742                        | 79,601        | 1,141                                       | (1,511)                                |
| <b>Environment and Housing</b> | 31,674                        | 32,561        | (887)                                       | 1,185                                  |
| <b>Place</b>                   | 4,088                         | 4,128         | (40)  | (195)                                  |
| <b>Corporate Resources</b>     | 2,208                         | 3,657         | (1,449)                                     | (2,263)                                |
| <b>General Policy</b>          | 33,764                        | 30,003        | 3,761                                       | 1,638                                  |
| <b>Council Tax Surplus</b>     | (1,500)                       | (922)         | (578)                                       | 0                                      |

|   |                |                |          |                |
|---|----------------|----------------|----------|----------------|
| <b>Use of Reserves</b>                                      | (996)          | (987)          | (9)      | (987)          |
| <b>Allocation of Surplus</b>                                | 0              | 1,890          | (1,890)  | 1,890          |
| <b>Total</b>  | <b>272,558</b> | <b>272,558</b> | <b>0</b> | <b>(3,769)</b> |
| <b>Capital Programme Funded from Reserves</b>               |                |                |          | (12,307)       |
| <b>Movement on Housing Revenue Account</b>                  |                |                |          | (953)          |
| <b>Total Movement on Council Fund and Specific Reserves</b> |                |                |          | (17,029)       |

- The net transfer to reserves shown above excludes a contribution to fund the Capital programme from reserves of £12.307m. The total movement on the Council Fund and Specific Reserves including the Housing Revenue Account was a reduction of £17.029m after adjusting for Joint Committees (£1.392m).

A number of the Council's budgets continue to be under considerable pressure.

- In Learning and Skills, a key ongoing pressure is the School Transport budget. Local Education Authorities have a statutory duty to provide free school transport for pupils of statutory school age who reside beyond walking distance to the nearest appropriate school in addition to a statutory duty to provide transport for pupils with Additional Learning Needs (ALN) who require access to specialist provision. Mainstream transport continues to run for pupils who are not able to get into their catchment school as they are full. In 2022/23 a number of economic factors such as increased fuel costs, shortage of operators and drivers in this sector continue to exacerbate pressures in this area. Some operators have also handed back routes as they cannot fulfil them. Other pressures have been experienced in the service in respect of Children's placements and supporting those with additional learning needs and social and emotional needs.
- Children's Services reported an adverse variance relating to increased external placement costs given the complexities of the children currently being supported and the high-cost placements some of these children require to meet their needs. Additional costs have also been encountered in respect of legal costs associated with the service.
- In Environment and Housing, the Waste Management Service ended the year with an adverse variance. Key pressures for the service included £800k associated with the enhanced pay award and market forces uplift for waste drivers and £715k on additional pothole and patching works. In addition £230k was incurred to support Winter Maintenance costs and £727k additional costs were incurred on the Leisure Contract with Parkwood. Housing received additional income supporting people and refugee resettlement schemes which will be carried forward in the Housing and Homelessness reserve some of which will be used towards the costs of the Rapid Housing Response programme and Resettlement demands in the medium term.
- The capital charges budget underspent as the Council is currently able to borrow internally due to the level of Council reserves saving the interest costs associated with external borrowing, however, going forward the ability to utilise internal borrowing will depend on the level of reserves and these are expected to reduce in the near future.

The closing balance on the Council Fund as at 1st April 2023 was £11.523m with £987k drawdown during the year. Whilst there is no set requirement for the minimum level for the Council Fund, some commentators use 5% of the net budget as a guide. For the Vale this is around £14m, however, in view of the prudent approach the Council takes with regard to Specific Reserves, it is considered that £10m should be the minimum level for this reserve. The Council also holds earmarked reserves which stood at £82.180m (excluding Joint Committees and HRA) as at 31<sup>st</sup> March 2023 with £7.254m relating to schools and £74.927m relating to other services. The schools balances and reserves reduced by £5.891m in year and the other services reserves reduced by £9.197m. These reserves are allocated for both capital and revenue purposes.

### Summary of Financial Performance – Capital

The General Capital Funding received from Welsh Government in 2022/23 was £5.829m which was a reduction of £1.038m (15%) in funding from 2021/22. This funding is partly through grant and partly an allocation for borrowing, the financing costs of which are supported by Welsh Government funding. The allocation is 14<sup>th</sup> highest in Wales. It is therefore necessary for the Council to fund its capital programme through a variety of sources however it continued to fund most of its capital programme from 'cash' resources as opposed to new borrowing.

Despite capital schemes facing continued challenges due to a number of issues, including significant cost increases and shortages of resources, the 2022/23 Capital Programme outturned at £80.791M and 98% of the programme was spent before the end of the financial year.

Due to various economic factors there has been a continued increase in the cost of materials and labour during 2022/23, this has resulted in delays to schemes where negotiations and project re-engineering has been required to bring schemes within the budget available. Sourcing materials and specialist staff has also been problematic with long lead times when ordering and this has also impacted on the progress of the capital programme. A breakdown of capital expenditure in 2022/23 is shown by service area in the table below.

| Directorate       | Approved Programme 2022/23 | Additions to Approved Programme 2022/23 | Adjusted Approved Programme 2022/23 | Actual Spend 2022/23 | Variance at Outturn 2022/23 |
|-------------------|----------------------------|---|-------------------------------------|----------------------|-----------------------------|
|                   | £000                       | £000                                    | £000                                | £000                 | £000                        |
| Learning & Skills | 30,969                     | 1,190                                   | 32,159                              | 34,026               | (1,867)                     |
| Social Services   | 1,082                      | 16                                      | 1,098                               | 767                  | 331                         |
| Housing           | 21,320                     | 0                                       | 21,320                              | 22,369               | (1,049)                     |
| Environment       | 21,204                     | 121                                     | 21,325                              | 17,696               | 3,629                       |
| Place             | 4,023                      | 121                                     | 4,144                               | 3,738                | 406                         |

|                     |               |              |               |               |              |
|---------------------|---------------|--------------|---------------|---------------|--------------|
| Corporate Resources | 1,851         | 571          | 2,422         | 2,195         | 227          |
| City Deal           | 0             | 0            | 0             | 0             | 0            |
| <b>Total</b>        | <b>80,449</b> | <b>2,019</b> | <b>82,468</b> | <b>80,791</b> | <b>1,677</b> |

Of the capital expenditure incurred in the year, £24.038m was spent on the Sustainable Communities for Learning programme. It is a collaboration between the Welsh Government and local councils and is a significant, long-term and strategic capital investment programme with the aim of creating a generation of 21st Century Schools in Wales. The Council undertook further Highways Improvements and Street Lighting energy reduction schemes during the year with a value of over £2m. The build of the Council's Waste Transfer Station is complete and spend of over £5.5m was achieved in 2022/23. The Council achieved Welsh Housing Quality Standard (WHQS) by the end of March 2018, however, further capital investment of over £22.369M was made as part of a continuing Housing Improvement Programme. New vehicles were purchased during the year costing £813k.

The following table shows the resources used in 2022/23 to fund the capital programme:

| <b>Source of Funding</b>   | <b>Outturn (£000)</b> |
|--|-----------------------|
| General Capital Funding  | 3,187                 |
| General Fund Borrowing   | 3,451                 |
| Housing Borrowing  | 0                     |
| Capital Receipts – Housing                                       | 2,090                 |
| Capital Receipts – General fund including education and vehicles | 2,464                 |
| WG Grants  | 33,789                |
| Reserves & Revenue contributions                                 | 23,284                |
| Other e.g., Section 106, other grants                            | 12,526                |
| <b>Total</b>   | <b>80,791</b>         |

As at 31<sup>st</sup> March 2023 the Council held general capital receipts with a value of £7.502m, with a further £1.790m being ringfenced for Education and £1.338m being ringfenced for Social Services.

The Council's assets at the 31 March 2023 have a book value of £887m. The Council Dwellings and Other Land and Buildings, are revalued on a rolling 5 year programme normally by a MRICS external valuer. During 2022/23 the Council revalued its housing stock in the context of the significant increases seen in respect of inflation on build costs and following discussion with Audit Wales a desktop valuation was commissioned on the remainder of the Council's DRC valued assets.

### Housing Revenue Account (HRA)

The Council still retains its stock of Council Houses and as at 31st March 2023 had 3,940 dwellings. The HRA transferred £953k into its reserve in 2022/23 leaving a balance on the HRA reserve of £16.486mas at 31<sup>st</sup> March 2023. This balance is higher than planned partly as the initial capital programme was not able to proceed as planned this year mainly due to delays in procurement and staff turnover. These schemes will continue into 2023/24. A review of the level of this reserve will be undertaken as part of the production of the next Housing Business Plan. The Housing Business Plan, which incorporates a detailed financial forecast in the form of a 30-year financial model, is produced on an annual basis and the latest version was approved by Council on 6<sup>th</sup> March 2023. The Council has invested over £134m in its housing stock between 2012/13 and 2022/23 and all its dwellings reached Welsh Housing Quality Standard by March 2018.

### Big Fresh Catering Company

On 1st January 2020, the Council's Catering Service was transferred into a Local Authority Trading Company called the Big Fresh Catering Company. While the company is wholly owned by the Council it is able to trade for profit in the market in addition to providing a catering service to schools.

### Treasury Management – Borrowing and Investments

Before the commencement of the 2022/23 financial year, the Authority approved the Treasury Management Strategy /Policy Statement which deals with the treasury functions of the Authority and covers both borrowing and investments. The report was approved by Council on 7th March 2022 and can be accessed on the Council Website; [Treasury-Management-and-Investment-Strategy 2022/23](#)

The Local Government Act 2003 requires a local authority to set its authorised borrowing limit for the following year. The original limit set for this Authority for 2022/23 was £241.653m, which was revised to £225.439m during the year. The actual external borrowing as at 31 March 2023 excluding adjustments was £148,483m as shown in the following table.

|   | 31 March 2022  | 31 March 2023  |
|---|----------------|----------------|
| Source of Loan                              | £'000          | £'000          |
| Public Works Loan Board (PWLB)              | 146,502        | 141,809        |
| Long Term Loans                             | 6,745          | 6,574          |
| Other                                       | 100            | 100            |
| <b>Total External Borrowing</b>             | <b>153,347</b> | <b>148,483</b> |
| Accrued Interest                            | 1,201          | 1,097          |
| Accounting Adjustments                      | 107            | (169)          |
| <b>Total Borrowing as per Balance Sheet</b> | <b>154,655</b> | <b>149,411</b> |

The Council has a cautious approach to risk, with its priority to safeguard capital. Throughout 2022/23 the Council continued to utilise the broader range of investments tools introduced in 2020/21 to cope with the effects of the pandemic. The investment position as at 31st March



2023 is set out below and includes Money Market Fund (MMF) balances and Lloyds Call account balances held overnight as at 31st March 2023 which are included under the Cash and Cash Equivalent heading in the Balance Sheet.

|  | 31 March 2022 | 31 March 2023 |
|--|---------------|---------------|
| <b>Short Term Investments Held By</b>                    | <b>£'000</b>  | <b>£'000</b>  |
| UK Debt Management Account Deposit Facility (DMADF)      | 26,650        | 27,400        |
| UK Local and Police Authorities                          | 55,500        | 47,250        |
| Treasury Bills   | 6,500         | 8,250         |
| Santander Corporate Notice Accounts                      | 750           | 0             |
| Federated Hermes Money Market Account                    | 100           | 9,000         |
| CCLA Money Market Account                                | 4,100         | 2,000         |
| Lloyds Instant Access Deposit Account                    | 10            | 10            |
| Lloyds Monthly Bonus Deposit Account                     | 10            | 10            |
| <b>Total Short Term Investments</b>                      | <b>93,620</b> | <b>93,920</b> |
| Short Term Investment Accrued Interest                   | 8             | 455           |
| Short Term Investment Joint Committees                   | 254           | 254           |
| <b>Total Short Term Investments as per Balance Sheet</b> | <b>93,882</b> | <b>94,629</b> |

The majority of the Council's borrowing is fixed rate and held with the Public Works Loan Board (PWLb). The Council has some significant borrowing requirements over the next five years linked to capital expenditure and replacement of maturing loans. The timing of this borrowing will need to be reviewed in the context of updated interest projections and in the context of the planned use of the Council's usable reserves. The Council continues to prioritise the security and liquidity of investments and continues to utilise the investment tools outlined in the Treasury Management Strategy which include Money Market Funds, Investments with UK Local and Police Authorities, Lloyds Bank Call Accounts, Santander Corporate Notice Accounts, Treasury Bills and Investments with the UK Government via the DMADF and investments are exposed to minimal credit risk and returns have improved in the context of the rising interest rate environment.

#### Joint Committees and Joint Arrangements

Since the 2015/16 financial year the Council has been Host Authority for two Joint Committees - the Shared Regulatory Service commencing on 1<sup>st</sup> May 2015 and the Vale, Valleys & Cardiff Adoption Collaborative Service which commenced on 1<sup>st</sup> June 2015. The Authority is also party to a number of other Joint Committees such as Prosiect Gwyrdd, Central South Consortium and the Glamorgan Archives. The Council's share of these transactions and balances are incorporated in these financial statements. Separate financial statements are also available. In addition, the Council participates in a number of shared services.

## City Deal/CRC

The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal (CCR) which has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales. The agreement with the UK and Welsh Governments provides £1.2 billion of which £734M is allocated to the Metro.

CCRD has four key objectives - 5% Gross Value Added growth, 25,000 high-order jobs, £4 billion leverage of public and private sector investment and demonstration of economic inclusion. To date, approved projects have the potential of achieving up to £1.5Bn of leverage. Projects now coming to the fore such as Strength in Places, bring new public and private leverage through sources such as the UKRI Strength in Places Fund. CCR will continue to leverage both public and private funds and will build the partnerships and R&D intensity to continue generating successively high levels of private leverage.

Key highlights for 2022/23 are set out below.

£50m Strategic Premises Fund launched and first investment crystalised in Ebbw Vale for £1.7m for Pulse Plastics.

£36.4m purchase and remediation of Aberthaw.

£7m investment in Cyber Innovation Hub.

£3m investment into the Media Cymru consortium.

Unveiling of the CCR Unleash Ambition and Growth conference.

Creation of £50m Innovation Investment Capital fund and launch at Principality Stadium.

£2.6m Food Sustainability Challenge launched in conjunction with Cardiff and Monmouth.

£2m Investment in MedTech company Jellagen, £4m into Yoello and £3M for Apex.

CCR Climate Coalition launched.

Venture Graduate launched new Accelerator Programme.

Cyber Masters cohort successfully graduate, and funding agreed for a second year.

For more detail on 2022/23 highlights please see the following publication:

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/01/ccr-2022-monthly-milestones.pdf>

The Cabinet meeting on 31<sup>st</sup> January 2023 set out the proposed CCR Annual Business Plan for 2023/24 which constitutes Year 3 of the 5 year Strategic Business Plan approved in December 2020. This plan referred to the following strategies produced by the CCR:

1. Build Back Better – playing our part in economic recovery and building resilience.
2. Becoming a City Region – strengthening regional economic governance.
3. Scaling-up and delivering the City Deal ‘peak’ Wider Investment Fund pipeline and programme.
4. Making the case for Levelling-up CCR.
5. Developing the plan for industrial-scale clusters and innovation-led growth.

The total expenditure for the CCR 2023/24 Annual Business Plan is £66.6 Million. It is proposed that this level of expenditure is funded as follows:

Draw down of HM Treasury Revenue Grant: £8.8 Million

Draw down of HM Treasury Capital Grant: £28.2 Million

Draw down of Council Contributions: £29.6 Million (The Vale of Glamorgan’s Contribution in 2023/24 is £2.5 Million).

The Vale of Glamorgan’s share of the estimated total costs (8.5%) is projected to be in the order of £17.9M and will be funded by unsupported borrowing with a 20 year repayment period.

Further detail can be found at [Cardiff Capital Region City Deal](#)

### Impact of the Current Economic Climate

The financial pressures on the Council continued to increase during 2022/23 with pay awards negotiated during the year in excess of the sum budgeted that was offset in the main across the Council due to a high number of vacant posts. The Council also incurred market forces costs associated with attracting staff to some key roles such as Waste Drivers and Children’s Social Services staff. Due to limited Capital investment the condition of the roads continued to deteriorate and therefore additional costs have been incurred associated with repairing pot holes and patching the roads. Additional costs have also been incurred due to the ongoing impact of the Covid-19 pandemic on Leisure Centre footfall and increased energy costs for the centres. Due to significant issues in commissioning care the Council arranged an uplift in fees for the domiciliary care sector which has improved commissioning rates in the sector. Whilst the Council did not incur significant additional costs associated with energy costs in year as the majority of its energy was purchased in advance this is an area that has had a significant impact on the 2023/24 budget.

### Looking Forward

A budget of £294.422m for 2023/24 was approved by Council on 6<sup>th</sup> March 2023. The revenue settlement from Welsh Government represented an increase, with a settlement of £202.797m , which represents an adjusted increase of £16.782m over 2022/23. The Council Tax was increased by 3.9% from 1<sup>st</sup> April 2023 which represented an increase of £5.082m this included a new policy around charging for empty and second homes in the region, the latter from 2024/25. Whilst the additional funding in the settlement was significant this did not address the scale of cost pressures reported by Directorates across the Council, most

significantly in Social Care, Additional Learning Needs and Housing and Homelessness. A challenging savings and efficiency target of £7.378m was set for the year and was at a level which was significantly higher than historical targets including an allocation to schools. Use of the reserves to smooth energy, cost of living and housing pressures was planned as part of the budget setting process of £2.8m, with further planned use of Social Services reserves as part of a Social Services budget programme and to support a step of £2m which reflects an assumed delayed uptake of additional commissioning.

The full Council report can be accessed on the [Council website](#)

At the time the 2023/24 budget was approved, there was an indicative increase of 3% in 2024/25 from Welsh Government but no indication had been received for future years settlements and it was considered prudent to assume that there may be a flatlined settlement longer term. If Council Tax is increased by 3.9% this could result in the possible total shortfall in funding across the remaining years of the Plan of £11.394M with the most significant shortfall being £6.430M in 2024/25. The prospects for improved settlements are limited with the UK economy experiencing persistent inflation and the Bank of England’s response of continued increases in interests is raising the risk of recession and potentially limiting options for the Chancellor in the autumn. Whilst it had been possible to set modest efficiency targets pre 2023/24 this may not be the case going forward and in light of projected levels of shortfall in future years, services are being requested to continue to plan ways of achieving further efficiencies which will be innovative and transformational with regards to service delivery. The Reshaping Services Programme will continue to implement the further savings required.

The Council will remain committed to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need.

The General Capital Funding from Welsh Government for 2023/24 is £6.997m which is an increase of £1.168m from the previous year. The 2023/24 Capital Programme was approved by Council on 6<sup>th</sup> March 2023 and had a gross value of £103.968M. The programme is briefly summarised below;

| <b>Schemes</b>          | <b>2023/24<br/>Gross<br/>£000</b> |
|-------------------------|-----------------------------------|
| Learning and Skills     | 36,697                            |
| Social Services         | 595                               |
| Environment and Housing | 12,830                            |
| HRA                     | 45,019                            |
| Place                   | 4,039                             |
| Resources               | 1,130                             |
| City Deal               | 2,506                             |

|                                |                |
|--------------------------------|----------------|
| Pipeline Schemes               | 1,152          |
| <b>TOTAL CAPITAL PROGRAMME</b> | <b>103,968</b> |

There will be investment in the Council's Schools as part of the Sustainable Communities for Learning programme of £30.4M (excluding the pipeline schemes which are subject to a full business case), £2.5M for Council's Vehicles. Even though the Housing stock meets WHQS, further work totalling £45.019M is due to be undertaken which will include Environmental Works, the construction and acquisition of new houses and addressing climate change by making our housing stock more energy efficient.

The full report can be accessed on the Council Website; [Capital Strategy 2023/24 and Final Capital Proposals 2023/24 to 2027/28.](#)

Over the coming years major capital investment will continue for the Sustainable Communities for Learning programme which will require capital investment between 2023/24 and 2025/26. The remaining funding included in the capital programme is £241M over this period, with a contribution of over £66M (general fund) from Welsh Government.

The Council is now operating using a hybrid approach and will review its asset base to reflect these changing working practices. The Council considers that it has sufficient balances and reserves and has set aside a specific sum to address the Council's ongoing Covid response in the coming months. Other emerging pressures relate to energy costs, general inflation particularly in respect of food costs and school transport and costs of living and staffing shortages in some areas. These issues will be further assessed as part of the Medium Term Financial Plan which will be updated during the coming year.

### [The Pension Liability](#)

Pensions for non-teaching staff are provided under the Local Government Pension scheme and the Council is a member of the Cardiff and Vale Pension Fund, administered by Cardiff County Council. Employees and employers contribute into the fund, along with investment income and growth generated. A triennial valuation was carried out on the Fund in year as at 31<sup>st</sup> March 2022. The value of the pension liability as at 31<sup>st</sup> March 2023 is £65m. This value is based on a number of actuarial assumptions and will fluctuate between years. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about the assumptions to be applied. The asset returns over the accounting period have been lower than expected, however, a change in financial assumptions over the period has resulted in a more positive balance sheet position.

The Teachers' Pension scheme is administered by the Department for Education. This is an unfunded scheme, meaning that there are no investment assets accumulated to meet pension costs before they arise and therefore no fund assets or liabilities appear in the Council's Balance Sheet.

## Corporate Aims and Objectives

The Council's Performance Management Framework is the mechanism through which key priorities and targets are monitored and realised in order to secure continuous improvement. The Council's Corporate Plan (2020-2025) reflects the requirements of the Well-being of Future Generations (Wales) Act 2015 and identifies 4 Well-being Objectives. The Corporate Plan is being monitored by Cabinet and all five Scrutiny Committees on a quarterly basis.

The 4 Well-being Objectives are :-

- To work with and for our communities;
- To support learning, employment and sustainable economic growth;
- To support people at home and in their community; and
- To respect, enhance and enjoy our environment.

Progress against the Annual Delivery Plan is monitored using a RAG status with Green being on or above target, Amber being within 10% of target and Red missing target by 10% or more. The Quarter 3 performance results were reported to Cabinet on 27<sup>th</sup> April 2023. Positive progress had been made in delivering in-year commitments in relation to the Annual Delivery Plan (2022/23). This performance had contributed to an overall GREEN status for the Plan at the end of Quarter 3 (Q3).

All 4 Corporate Plan Well-being objectives were attributed a Green performance status at Q3 to reflect the progress made to date. This is positive given the ongoing challenges facing the organisation.

93% (353/380) of planned activities outlined in the Annual Delivery Plan have been attributed a Green performance reflecting the positive progress made during the quarter, 2% (7) of planned activities were attributed an Amber status and 5% (20) of planned activities were attributed a Red status. Of the 128 performance measures aligned to our Corporate Plan Well-being Objectives, data was reported for 27 measures where a performance status was applicable. 59% (16) measures were attributed a Green performance Status, 11% (3), Amber status and 30% (8), Red status. A performance status was not applicable for 101 measures with 22 of these relating to measures establishing baseline performance for 2022/23, a further 67 relating to measures which are monitored annually and for 12 measures no update was provided.

Overall, the picture was positive despite the challenges facing the organisation, and the Council was moving in the right direction in terms of its performance and achieving its priorities.

Further details can be found here [Annual Delivery Plan Monitoring Quarter 3 2022/23](#).

## Further Information

Further information about the accounts is available from the Resources Service, Civic Offices, Holton Road, Barry, CF63 4RU. This is part of the Council's policy of providing full information about the Council's affairs.



## Introduction to the Financial Statements

### Statement of Accounting Policies

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

### Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the Mayor as Chairman of the Council at the meeting at which the accounts are approved.

### Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### 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 "unusable 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 and the Housing Revenue Account for Council Tax setting and dwelling rents setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory Council Fund balance and the Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Comprehensive Income and Expenditure Statement (CIES)

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 both the Expenditure and Funding Analysis and Movement in Reserves Statement.

### 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 reserve and any

statutory limitations on their use (for example the Capital Receipts may only be used to fund Capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services called Unusable Reserves. 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 also reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

### Cash Flow Statement

The Cash Flow Statement shows the change 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 into operating and 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 Council. 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. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

### Annual Governance Statement

The statement sets out the framework within which the Vale of Glamorgan Council manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the Authority has complied with the various elements of the framework.



## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance (Section 151 Officer).
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Signature: 

Date: 4 December 2023

Mayor as Chairman of the Council

### Responsibilities of the Head of Finance (Section 151 Officer).

The Head of Finance is responsible for the preparation of the Statement of Accounts. In accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

#### The Head of Finance has also throughout the financial year:

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

### Certificate of the Head of Finance (Section 151 Officer)

I certify the statement of accounts give a true and fair view of the financial position of The Vale of Glamorgan County Borough Council and its group as at 31st March 2023 and its income and expenditure for the period then ended.

Signature: Matt Bowmer



Head of Finance/Section 151 Officer

Dated 4 December 2023

## Audit report of the Auditor General to the Vale of Glamorgan Council

The report of the Auditor General for Wales to the members of the Vale of Glamorgan Council

### Opinion on financial statements

I have audited the financial statements of:

- Vale of Glamorgan Council; and
- Vale of Glamorgan Council Group

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The Vale of Glamorgan's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023.

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

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

### Basis of opinion

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

My staff and I are independent of the Vale of Glamorgan Council and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that

the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern

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

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

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

#### Other Information

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

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

I have nothing to report in this regard.

#### Opinion on other matters

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

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

## Matters on which I report by exception

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

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

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

## Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

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

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

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

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

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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



Adrian Crompton  
Auditor General for Wales  
7 December 2023

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Further information on this note is shown on page 13.

| 2021/22  | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis (Note 8) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|---|---|
| Restated   | £'000   | £'000   | £'000   |
| Learning and Skills  | 107,410   | 13,509  | 120,919   |
| Social Services  | 68,801  | 1,055   | 69,856  |
| Visible and Housing Services                                 | 28,576  | 6,561   | 35,137  |
| Housing Revenue Account (HRA)                                | (5,437)   | (10,934)  | (16,371)  |
| Place  | 3,406   | 948   | 4,354   |
| Corporate Resources  | 1,176   | 17,939  | 19,115  |
| Policy   | 18,291  | (15,302)  | 2,989   |
| Net Cost of Services   | 222,223   | 13,776  | 235,999   |
| Other Income and Expenditure                                 | (246,185)   | (24,830)  | (271,015)   |
| <b>(Surplus) or Deficit</b>                                  | <b>(23,962)</b>   | <b>(11,054)</b>   | <b>(35,016)</b>   |
| <b>Opening General Fund and HRA Balance at 31 March 2021</b> | <b>(104,245)</b>  |   |   |
| Plus Surplus on General Fund and HRA Balance in Year         | (23,962)  |   |   |
| <b>Closing General Fund and HRA Balance 31 March 2022</b>    | <b>(128,206)</b>  |   |   |

This statement has been restated to reflect a departmental restructure establishing the Directorates for Place and Corporate Resources to enable comparison year on year which is detailed in Note 7 Prior Period Adjustment.

| 2022/23  | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis (Note 8) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|---|---|
|  | £'000   | £'000   | £'000   |
| Learning and Skills  | 138,069   | (3,601)   | 134,468   |
| Social Services  | 78,303  | 5,038   | 83,341  |
| Visible and Housing Services                                 | 33,370  | 10,257  | 43,627  |
| Housing Revenue Account (HRA)                                | 953   | (6,064)   | (5,111)   |
| Place  | 4,136   | 1,259   | 5,395   |
| Corporate Resources  | 6,185   | 17,733  | 23,918  |
| Policy   | 16,727  | (12,695)  | 4,032   |
| Net Cost of Services   | 277,743   | 11,927  | 289,670   |
| Other Income and Expenditure                                 | (262,411)   | (31,375)  | (293,786)   |
| <b>(Surplus) or Deficit</b>                                  | 15,332  | (19,448)  | (4,116)   |
| <b>Opening General Fund and HRA Balance at 31 March 2022</b> | <b>(128,206)</b>  |   |   |
| Plus Deficit on General Fund and HRA Balance in Year         | 15,332  |   |   |
| <b>Closing General Fund and HRA Balance 31 March 2023</b>    | <b>(112,874)</b>  |   |   |



## Movement in Reserves Statement 2021/22

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 “unusable reserves”. Further information on this statement is shown on page 13.

| Movement in Reserves Statement   | Council Fund  | Earmarked Reserves | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|--|---------------|--------------------|-------------------------|--------------------------|----------------------------------|-----------------------|-------------------|--------------------------|
|  | £'000         | £'000              | £'000                   | £'000                    | £'000                            | £'000                 | £'000             | £'000                    |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                                    | <b>11,869</b> | <b>80,376</b>      | <b>12,000</b>           | <b>13,392</b>            | <b>6,008</b>                     | <b>123,645</b>        | <b>210,282</b>    | <b>333,927</b>           |
| Total Comprehensive Income and Expenditure   | (3,594)       | 17,881             | 20,728                  | 0                        | 0                                | 35,015                | 124,508           | 159,523                  |
| Adjustments between accounting basis and funding basis under regulations (Note 10) | 4,235         | 0                  | (15,289)                | (1,548)                  | (1,457)                          | (14,059)              | 14,059            | 0                        |
| <b>Increase/(Decrease) in 2021/22</b>  | <b>641</b>    | <b>17,881</b>      | <b>5,439</b>            | <b>(1,548)</b>           | <b>(1,457)</b>                   | <b>20,956</b>         | <b>138,567</b>    | <b>159,523</b>           |
| <b>Balance as at 31<sup>st</sup> March 2022</b>                                    | <b>12,510</b> | <b>98,257</b>      | <b>17,439</b>           | <b>11,844</b>            | <b>4,551</b>                     | <b>144,601</b>        | <b>348,849</b>    | <b>493,450</b>           |

## Movement in Reserves Statement 2022/23

| Movement in Reserves Statement   | Council Fund  | Earmarked Reserves | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|--|---------------|--------------------|-------------------------|--------------------------|----------------------------------|-----------------------|-------------------|--------------------------|
|  | £'000         | £'000              | £'000                   | £'000                    | £'000                            | £'000                 | £'000             | £'000                    |
| <b>Balance as at 31<sup>st</sup> March 2022</b>                                    | <b>12,510</b> | <b>98,257</b>      | <b>17,439</b>           | <b>11,844</b>            | <b>4,551</b>                     | <b>144,601</b>        | <b>348,849</b>    | <b>493,450</b>           |
| Total Comprehensive Income and Expenditure   | 6,898         | (13,392)           | 10,611                  | 0                        | 0                                | 4,117                 | 260,436           | 264,553                  |
| Adjustments between accounting basis and funding basis under regulations (Note 10) | (7,885)       | 0                  | (11,564)                | (1,210)                  | 2,878                            | (17,781)              | 17,781            | 0                        |
| <b>Increase/(Decrease) in 2022/23</b>  | <b>(987)</b>  | <b>(13,392)</b>    | <b>(953)</b>            | <b>(1,210)</b>           | <b>2,878</b>                     | <b>(13,664)</b>       | <b>278,217</b>    | <b>264,553</b>           |
| <b>Balance as at 31<sup>st</sup> March 2023</b>                                    | <b>11,523</b> | <b>84,865</b>      | <b>16,486</b>           | <b>10,634</b>            | <b>7,429</b>                     | <b>130,937</b>        | <b>627,066</b>    | <b>758,003</b>           |

## 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. Further information is shown on page 13.

| Restated<br>2021/22 |                |                 | Expenditure on Services                                  | 2022/23        |                |                |
|---------------------|----------------|-----------------|--|----------------|----------------|----------------|
| Gross<br>Expt.      | Income         | Net Expt.       |  | Gross<br>Expt. | Income         | Net Expt.      |
| £'000               | £'000          | £'000           |  | £'000          | £'000          | £'000          |
| 167,551             | 46,632         | 120,919         | Learning and Skills                                      | 180,166        | 45,698         | 134,468        |
| 101,315             | 31,459         | 69,856          | Social Services  | 106,716        | 23,375         | 83,341         |
| 60,464              | 25,327         | 35,137          | Visible and Housing Services                             | 65,999         | 22,372         | 43,627         |
| 5,580               | 21,951         | (16,371)        | Housing Revenue Account (HRA)                            | 17,599         | 22,710         | (5,111)        |
| 7,897               | 3,543          | 4,354           | Place  | 8,509          | 3,114          | 5,395          |
| 53,690              | 34,576         | 19,114          | Corporate Resources                                      | 57,564         | 33,646         | 23,918         |
| 6,000               | 3,010          | 2,990           | Policy   | 6,442          | 2,410          | 4,032          |
|                     |                |                 |  |                |                |                |
| <b>402,498</b>      | <b>166,498</b> | <b>236,000</b>  | <b>Cost of Services</b>                                  | <b>442,995</b> | <b>153,325</b> | <b>289,670</b> |
|                     |                |                 |  |                |                |                |
|                     |                |                 | <b>Other operating expenditure</b>                       |                |                |                |
| 3,174               | 0              | 3,174           | Town/Community Council Precepts                          | 3,270          | 0              | 3,270          |
| 17,669              | 0              | 17,669          | South Wales Police Authority                             | 18,724         | 0              | 18,724         |
| 6,743               | 0              | 6,743           | South Wales Fire Authority                               | 6,918          | 0              | 6,918          |
| 106                 | 0              | 106             | Other Levies and Contributions                           | 115            | 0              | 115            |
| 10,078              | 0              | 10,078          | (Gains)/losses on the disposal of non-current assets     | 4,338          | 0              | 4,338          |
|                     |                |                 | <b>Financing and investment income and expenditure</b>   |                |                |                |
| 6,916               | 0              | 6,916           | Interest payable and similar charges                     | 6,751          | 0              | 6,751          |
| 6,825               | 0              | 6,825           | Net interest on defined benefit liability                | 7,239          | 0              | 7,239          |
| 7                   | 0              | 7               | Revaluation of Investment Properties                     | 205            | 0              | 205            |
| 0                   | 654            | (654)           | Interest receivable and Trading surplus/deficit          | 88             | 2,139          | (2,051)        |
|                     |                |                 | <b>Taxation and non-specific grant income</b>            |                |                |                |
| 0                   | 95,022         | (95,022)        | Council Tax income (Note 13)                             | 0              | 98,494         | (98,494)       |
| 0                   | 43,918         | (43,918)        | Non domestic rates (Note 14)                             | 0              | 47,950         | (47,950)       |
| 0                   | 126,846        | (126,846)       | Revenue Support grants (Note 12)                         | 0              | 138,065        | (138,065)      |
| 0                   | 1,249          | (1,249)         | Council Tax grant  | 0              | 0              | 0              |
| 41                  | 0              | 41              | Deferred Tax   | 0              | 13             | (13)           |
| 0                   | 54,885         | (54,885)        | Capital grants and contributions                         | 0              | 54,774         | (54,774)       |
|                     |                |                 |  |                |                |                |
| <b>454,057</b>      | <b>489,072</b> | <b>(35,015)</b> | <b>(Surplus) or Deficit on the Provision of Services</b> | <b>490,643</b> | <b>494,760</b> | <b>(4,117)</b> |
|                     |                |                 |  |                |                |                |

|  |  |                  |   |  |  |                  |
|--|--|------------------|---|--|--|------------------|
|  |  | (44,323)         | (Surplus)on revaluation of non-current assets (Note 26)               |  |  | (23,157)         |
|  |  | 0                | Impairment losses on non-current assets Revaluation Reserve (Note 15) |  |  | 31               |
|  |  | (80,185)         | Remeasurements of the net defined benefit liability/(asset) (Note 38) |  |  | (237,310)        |
|  |  |                  |   |  |  |                  |
|  |  | <b>(124,508)</b> | <b>Other Comprehensive Income and Expenditure</b>                     |  |  | <b>(260,436)</b> |
|  |  | <b>(159,523)</b> | <b>Total Comprehensive Income and Expenditure</b>                     |  |  | <b>(264,553)</b> |

This statement has been restated to reflect a departmental restructure establishing the Directorates for Place and Corporate Resources to enable comparison year on year.

## Balance Sheet as at 31<sup>st</sup> March 2023

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: Usable and Unusable Reserves. Further information is shown on page 13 of this report.

| 31 March 2022  |  | Notes | 31 March 2023  |
|----------------|--|-------|----------------|
| £'000          |  |       | £'000          |
| 822,241        | Property, Plant and Equipment                    | 15    | 887,497        |
| 2,454          | Joint Committee Investment Properties            | 33    | 5,390          |
| 170            | Equity   |       | 636            |
| 352            | Intangible Assets                                |       | 323            |
| 2              | Long Term Investments                            | 19    | 2              |
| 2,880          | Long Term Debtors                                | 19    | 5,941          |
| <b>828,099</b> | <b>Long Term Assets</b>                          |       | <b>899,789</b> |
| 82,462         | Short Term Investment                            | 19    | 83,729         |
| 0              | Assets Held for Sale                             | 17    | 0              |
| 113            | Deferred Tax Asset                               |       | 152            |
| 1,184          | Inventories                                      |       | 1,322          |
| 76,967         | Short Term Debtors                               | 20    | 62,102         |
| 20,980         | Cash and Cash Equivalents                        | 21    | 19,552         |
| <b>181,706</b> | <b>Current Assets</b>                            |       | <b>166,857</b> |
| 9,163          | Short Term Borrowing                             | 19    | 11,267         |
| 50,363         | Short Term Creditors                             | 0     | 58,752         |
| 1,611          | Provisions (Short Term)                          | 0     | 1,660          |
| 596            | Donated Inventory Account                        |       | 622            |
| 13,410         | Grants Receipts in Advance – Capital             | 0     | 9,768          |
| <b>75,143</b>  | <b>Current Liabilities</b>                       |       | <b>82,069</b>  |
| 497            | Provisions (Long Term)                           | 0     | 497            |
| 145,492        | Long Term Borrowing                              | 19    | 138,144        |
| 8,720          | Other Long Term Liabilities                      | 24    | 10,013         |
| 276,615        | Other Long Term Liabilities (Pensions)           | 38    | 64,630         |
| 9,888          | Grants Receipts in Advance - Capital (Long Term) | 0     | 13,290         |
| <b>441,212</b> | <b>Long Term Liabilities</b>                     |       | <b>226,574</b> |
| <b>493,450</b> | <b>Net Assets</b>                                |       | <b>758,003</b> |
| 144,601        | Usable Reserves                                  | 25    | 130,937        |
| 348,849        | Unusable Reserves                                | 26    | 627,066        |
| <b>493,450</b> | <b>Total Reserves</b>                            |       | <b>758,003</b> |

## Cash Flow Statement

The Cash Flow Statement shows the change 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 into operating and investing and financing activities. Further information is included on page 14 of this report.

| 31 March 2022   |  | Notes | 31 March 2023   |
|-----------------|--|-------|-----------------|
| £'000           |  |       | £'000           |
| <b>35,015</b>   | <b>Net surplus or (deficit) on the provision of services</b>   |       | <b>4,117</b>    |
| 42,486          | Adjustments to net surplus or deficit on the provision of services for non-cash movements  | 0     | 66,008          |
|                 | <b>Adjustments for items that are investing and financing activities</b>   |       |                 |
| (1,098)         | Proceeds from the sale of property, plant and equipment and intangible assets.   |       | (2,494)         |
| (56,342)        | Any items which the cash effects are investing or financing cashflows  |       | (51,894)        |
| <b>(57,440)</b> | <b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b> |       | <b>(54,388)</b> |
| <b>20,061</b>   | <b>Net cash flows from Operating Activities</b>  |       | <b>15,737</b>   |
|                 | <b>Investing Activities</b>  |       |                 |
| (59,204)        | Purchase of property, plant and equipment and intangible assets.   |       | (77,640)        |
| 248             | Proceeds from the sale of property, plant and equipment and intangible assets.   |       | 3,344           |
| (13,477)        | Purchase of short term/long term investments   |       | (819)           |
| (3,133)         | Other payments for investing activities  |       | (240)           |
| 0               | Proceeds from short term/long term investments   |       | 0               |
| 46,881          | Other Receipts from Investing Activities   |       | 59,370          |
| <b>(28,685)</b> | <b>Net Cashflow from Investing Activities</b>  |       | <b>(15,985)</b> |
|                 | <b>Financing Activities</b>  |       |                 |
| 611             | Repayments of Short and Long Term Borrowing  |       | (5,140)         |
| 1,417           | Other Payments for Financing Activities  |       | 3,960           |
| <b>2,028</b>    | <b>Net cash flows from Financing Activities</b>  |       | <b>(1,180)</b>  |
| <b>(6,596)</b>  | <b>Net increase or decrease in cash and cash equivalents</b>   |       | <b>(1,428)</b>  |
| 27,576          | Cash and cash equivalents at the beginning of the reporting period   |       | 20,980          |
| <b>20,980</b>   | <b>Cash and cash equivalents at the end of the reporting period</b>  |       | <b>19,552</b>   |

## Notes to the Financial Statements

### 1. Statement of Accounting Policies

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| a | <b>Accounting Policies</b> | <p>The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended) which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a going concern basis.</p>  |
| b | <b>Revenue/Expenditure</b> | <p>The transactions of the Council are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:</p> <ul style="list-style-type: none"> <li>• Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.</li> <li>• Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.</li> <li>• 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.</li> <li>• Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.</li> </ul> <p>There are certain exceptions to this principle. The main items are:-</p> <p>(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to 31st March each year. Payments in respect of a full twelve months are included.</p> |

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|          |  | <p>(b) The amount included in the accounts for Government Revenue Support Grant for 2022/23 is on the basis of the allocation as approved by Welsh Government in year. Where final figures are not available e.g. Subsidy Entitlement, the amounts included are based on the latest available information.</p> <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to 31st March each year is not significant.</p>  |
| <b>c</b> | <b>Prior Period adjustments, Changes in Accounting Policies and Estimates and Errors</b> | <p>A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.</p> <p>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 of 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.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p> |
| <b>d</b> | <b>Charges to Revenue for Non-Current Assets</b>   | <p>The following amounts are charged to revenue to record the cost of holding fixed assets during the year:</p> <ul style="list-style-type: none"> <li>• Depreciation attributable to the assets used by the relevant service.</li> <li>• Revaluation and impairment losses on assets chargeable to the service.</li> <li>• Amortisation of intangible non-current assets attributable to the service.</li> </ul> <p>Council Tax is not required to be raised to fund depreciation, revaluation, impairment losses or amortisations. However, an annual contribution is required from revenue (Minimum Revenue Provision) towards the reduction in its overall borrowing requirement equal to an amount calculated on a</p>   |

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|   |                          | prudent basis determined by the Authority in accordance with statutory guidance.   |
| e | <b>Employee Benefits</b> | <p><b>Benefits Payable during Employment</b><br/>Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.</p>  |
|   |                          | <p><b>Termination Benefits</b><br/>Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These costs are charged on an accruals basis to the appropriate service or where applicable to Managing Director and Resources.</p>  |
|   |                          | <p><b>Post Employment Benefits</b><br/>Employees of the Authority are members of two separate pension schemes:</p> <ul style="list-style-type: none"> <li>• The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).</li> <li>• The Local Government Pensions Scheme, administered by Cardiff County Council Pension Authority.</li> </ul> <p>Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority. The arrangements for the teachers' scheme means 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.</p> |
|   |                          | <p><b>The Local Government Pension Scheme</b><br/>The Local Government Scheme is accounted for as a defined benefits scheme:</p>   |



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|  |  | <ul style="list-style-type: none"> <li>• The liabilities of the Cardiff and Vale Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.</li> <li>• Liabilities are discounted to their value at current prices, using a discount rate.</li> <li>• The assets of the Cardiff and Vale Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.</li> <li>• The actuarial valuation carried out at 31<sup>st</sup> March 2022 has been adjusted to exclude staff working for the Shared Regulatory Service and Vale and Valleys Adoption Service. The Council's share of these balances based on the Joint Committee balances are the consolidated back into the accounts and set out in Note 38 to these accounts.</li> </ul>   |
|  |  | <p>The change in the net pension's liability is analysed into the following components:</p> <p><b>Service cost comprising</b></p> <ul style="list-style-type: none"> <li>• Current service cost – the increase in liabilities as a result of years of service earned this year which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.</li> <li>• Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure.</li> <li>• Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of</li> </ul> |

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|   |   | <p>the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.</p> <p><b>Remeasurements comprising:</b></p> <ul style="list-style-type: none"> <li>• The return on plan assets – excluding amounts included in net interest on the net defined liability (asset). This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.</li> <li>• Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.</li> </ul> <p>Statutory provisions require the Council Fund balance be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year in relation to retirement benefits not the amount calculated according to the relevant standards. In the movement in reserves statement this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the council fund of being required to account for retirement benefits on the basis of cashflows rather than as benefits are earned by employees.</p> |
|   |   | <p><b>Discretionary Benefits</b></p> <p>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.</p>  |
| f | <p><b>Events after the Balance Sheet date</b></p> | <p>These are 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. Such events could result in the</p>   |

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|          |                                  | <p>Statement of Accounts being adjusted. Two types of events can be identified:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>   |
| <b>g</b> | <b>Cash and Cash Equivalents</b> | <p>Cash is represented by cash in hand, bank overdrafts and deposits held with financial institutions which are repayable without penalty on notice of not more than 24 hours as at 31<sup>st</sup> March 2023. Cash equivalents are highly liquid investments which are readily convertible to known amounts of cash without there being a significant risk of change in value and refer to instant access call accounts such as those held with Banks and Money Market Funds. Any other short term investments are excluded from cash and cash equivalents and are treated as current assets. 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.</p>                                 |
| <b>h</b> | <b>Financial Instruments</b>     | <p><b>Financial Liabilities</b></p> <p>Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.</p> <p><b>Financial Assets</b></p> <p>Financial assets are classified into two types:</p> <ul style="list-style-type: none"> <li>• Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.</li> <li>• Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.</li> </ul> |

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|   |   | <p><b>Loans and Receivables</b></p> <p>Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.</p> <p>When a soft loan is made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement 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.</p> |
| i | <p><b>Available for Sale Assets</b></p> | <p>Available for Sale Assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure Income line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.</p> <p>Assets are maintained in the Balance Sheet at fair value.</p>  |

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|          |  | <p>Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain /loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred. These are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any net gain / loss for the asset accumulated in the reserve.</p>  |
| <b>j</b> | <b>Government Grants and Contributions</b> | <p>Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:</p> <ul style="list-style-type: none"> <li>• The Authority will comply with the conditions attached to the payments, and</li> <li>• The grants or contributions will be received.</li> </ul> <p>Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.</p> <p>Capital grants are credited to the Comprehensive Income and Expenditure Statement and are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Grants not yet used to finance capital expenditure, are posted to the Capital Grants Unapplied reserve. Once applied, it is posted to the Capital Adjustment Account.</p> |
| <b>k</b> | <b>Intangible Assets</b>                   | <p>Expenditure on non monetary assets that do not have physical substance but are controlled by the Authority is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.</p> <p>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.</p>  |
| <b>l</b> | <b>Inventories and Long Term Contracts</b> | <p>Inventories should be included in the Balance Sheet at the lower of cost and net realisable value. However, some stock is valued at the latest price paid, with an allowance made for obsolete and slow-moving items. The effect of the different treatment is considered to be immaterial.</p>   |

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|          |                                       | Revenue from contracts with service recipients, is recognised in line with IFRS 15 – Revenue from Contracts with Customers. In essence it means recognition occurs 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  |
| <b>m</b> | <b>Jointly Controlled Operations</b>  | <p>Joint operations are arrangements undertaken by the Council in conjunction with other ventures that make use of its assets and resources. Joint Committees are examples of Jointly Controlled Operations.</p> <p>The relevant proportion of the transactions and balances for Joint Committees are included within the Council's Financial Statements. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee. To date there has been no audit opinion issued in respect of any of these Joint Committees.</p>  |
| <b>n</b> | <b>Leases</b>                         | <p>The Council currently has no Finance Leases. The land and buildings elements of a lease are considered separately for classification.</p> <p><b>The Authority as Lessee</b></p> <p><b>Operating Leases</b><br/>Rentals paid under operating leases are charged to the services in the Comprehensive Income and Expenditure Statement that benefit from the use of the leased property, plant or equipment.</p> <p><b>The Authority as Lessor</b></p> <p><b>Operating Leases</b><br/>Rental income under an operating lease is credited to the Comprehensive Income and Expenditure Statement; the property, plant or equipment is retained in the Balance Sheet.</p> |
| <b>o</b> | <b>Overheads and Support Services</b> | The accounts have been adjusted to remove internal recharges for overheads and support services from the figures shown in the Comprehensive Income and Expenditure Statement.   |
| <b>p</b> | <b>Property Plant and Equipment</b>   | Revaluation of the assets of the Authority will be undertaken on a rolling basis over a five year cycle by an external valuer.  |

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|  |  | <p>Due to the economic volatility during 2022/23 and the significant increase in the construction costs of schemes which would have a particular impact on assets valued on a Depreciated Replacement Cost basis all Land and Building assets were revalued by an External Valuer as part of the preparation of the 2022/23 accounts.</p> <p>Council Dwellings are regarded by the Authority as operational and have also been revalued as at 31<sup>st</sup> March 2023 using the Beacon approach (adjusted vacant possession value).</p> <p>Land and Property regarded by the Authority as operational was valued on the basis of constructing modern equivalent buildings, or where this could not be assessed because there was no market for the subject asset (i.e. specialised property) the depreciated replacement cost.</p> <p>Land and Property regarded by the Authority as non-operational have been valued on the basis of cost, fair value, or depreciated replacement cost as appropriate.<br/>Infrastructure, Vehicles, Plant and Equipment and Community Assets are included at cost (less depreciation where required).</p> <p>Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided 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.</p> <p>A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within capital spend.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> <li>• the purchase price.</li> <li>• 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.</li> <li>• The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.</li> </ul> |
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|  |  | <p>For Land and Building additions any expenditure less than £50k is enhanced and then impaired back out unless it relates to schemes such as boilers, new structures which have previously been shown to be enhancing. Schemes costing between £50k and £250k are enhanced in full subject to some exceptions. Schemes including works to boilers, roofs, rewiring and multiple schemes are enhanced at 65% of the value. Any unusual or schemes exceeding £250k in value were reviewed by a FRICs qualified valuer to assess the level of enhancement.</p> <p>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 an impairment loss previously charged to a service revenue account.</p> <p>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.</p> <p>Where decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve or against the relevant service lines in the Comprehensive Income and Expenditure Statement.</p> |
|  |  | <p><b>Component accounting</b></p> <p>Assets with a net book value in excess of £3 million will be reviewed to determine if there are any significant components that require a separate depreciation calculation and whether it is material. No adjustment for component accounting was made in the accounts.</p>  |
|  |  | <p><b>Impairment</b></p> <p>Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous</p>  |



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|  |  | <p>valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.</p>   |
|  |  | <p><b>Depreciation</b><br/>         Depreciation is provided for on all Property, Plant and Equipment assets over their useful lives. An exception is where assets are without a determinable finite useful life (i.e. Freehold Land and Community Assets) and assets that are not available for use (i.e. assets under construction).</p> <p>Depreciation is calculated on the following basis:</p> <ul style="list-style-type: none"> <li>• Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer.</li> <li>• Vehicles, plant, furniture and equipment - over the life of the asset.</li> <li>• Infrastructure – straight line allocation over 40 years.</li> </ul> <p>No depreciation is charged in the year of acquisition with a full year charge applied in the disposal year, except for Vehicles which is charged in the month following acquisition.</p> <p>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.</p> |
|  |  | <p><b>Disposals and Non Current Assets Held for Sale</b><br/>         An asset is reclassified as Held for Sale when it is probable that the carrying amount will be recovered principally through a sale transaction. The asset is revalued immediately before reclassification and carried at the lower of this amount and the 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. Depreciation is not charged on Assets Held for Sale.</p> <p>Where assets no longer meet the criteria to be classified as Assets Held for Sale they are reclassified back to non-current assets.</p>  |

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|   |                                      | <p>Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.</p> <p>When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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.</p> <p>Receipts from disposals are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains that are accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.</p> <p>Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.</p> <p>The written off value on disposals is not a charge to Council Tax as the cost for non current assets is separately provided for under separate arrangements for capital financing</p>   |
| q | <p><b>Fair Value Measurement</b></p> | <p>The authority measures some of its assets held for sale and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either;</p> <ul style="list-style-type: none"> <li>• In the principal market for the asset or liability, or</li> <li>• In the absence of a principal market, in the most advantageous market for the asset or liability.</li> </ul> <p>The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their best economic interest by using the asset in its highest and best use, or selling the asset to another participant.</p> <p>The authority uses valuation techniques that are appropriate in the circumstances maximising the use of observable inputs. Inputs to the valuation techniques in respect of assets and liabilities for</p> |

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|   |  | <p>which fair value is measured or disclosed are categorised within the fair value hierarchy, as follows;</p> <ul style="list-style-type: none"> <li>• Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.</li> <li>• Level 2 – inputs rather than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.</li> <li>• Level 3 – unobservable inputs for the asset or liability.</li> </ul>   |
| r | <p><b>Provisions, Contingent Liabilities and Contingent Assets</b></p> | <p><b>Provisions</b></p> <p>Provisions are made when an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.</p> <p>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.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet.</p> <p>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. See note 0 to the accounts.</p> |
|   |  | <p><b>Contingent Liabilities</b></p> <p>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</p>   |

|          |  |   |
|----------|--|---|
|          |  | <p>will be required or the amount of the obligation cannot be measured reliably.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p>   |
|          |  | <p><b>Contingent Assets</b></p> <p>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.</p> <p>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.</p>  |
| <b>s</b> | <b>Specific Reserves</b>                                     | <p>These reserves represent sums of money that are voluntarily set aside for specific purposes. The purpose of these reserves is explained in Note 11 to the accounts.</p>  |
| <b>t</b> | <b>Revenue Expenditure Funded from Capital under Statute</b> | <p>Expenditure that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. The total gross expenditure is £6.741m. Where the Council 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.</p>  |
| <b>u</b> | <b>Local Authority Schools</b>                               | <p>The Council does not include a school's property, plant and equipment in its Balance Sheet where it does not own or have significant control over the economic benefit of these assets. This means that the buildings used by voluntary aided, Roman Catholic aided and voluntary controlled schools are excluded from property, plant and equipment where they are not owned by the Council. However, land owned by the Council and used by these schools is recognised in property, plant and equipment. The property, plant and equipment of community and foundation schools are recognised on the Authority's Balance Sheet. The income and expenditure for all schools is included within the CI&amp;ES and any unspent resources held by schools are included</p> |

|          |                                |   |
|----------|--------------------------------|---|
|          |                                | within earmarked reserves in the Council's Balance Sheet.   |
| <b>v</b> | <b>Value Added Tax</b>         | Income and expenditure excludes any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.  |
| <b>w</b> | <b>Exceptional Items</b>       | 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 Statement of Accounts, depending on how significant the items are to an understanding of the Council's financial performance. There are no exceptional items in 2022/23.  |
| <b>x</b> | <b>Investment in Companies</b> | The Council currently only has one investment in a company and this is its 100% shareholding in the Big Fresh Catering Company which was established on 1 <sup>st</sup> January 2020. The Council having considered the materiality of the investment and its delivery of core Council services has taken the decision to consolidate through Group Accounts. The Council's shareholding is not listed on any quoted market the valuation estimate of the company will be based on its draft set of financial accounts (Level 3). |
| <b>y</b> | <b>Inventories</b>             | Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as expenditure.<br><br>Where donated inventory has been received it is offset on the balance sheet by a corresponding entry on the Donated Inventory Account.   |
| <b>z</b> | <b>Adopted Highways</b>        | The Council reviews adoption of highways each year and where material the adoption will be reflected in the Council's infrastructure assets and offset by a corresponding entry on the donated assets account. There were no material adoptions in 2022/23.   |

## **2. Accounting Standards that have been issued but have yet to be adopted**

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

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 that will have any impact upon the financial statements. However, the following details are provided for information purposes: -

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.

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 exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. However, it should be noted that CIPFA/LASAAC have again deferred implementation of IFRS 16 for local government to 1 April 2024.

The Council is carrying out work to establish the extent of the impact of IFRS16 on the Authority's accounts and a full list of leases to be reviewed has been prepared in consultation with service departments and the relevant data for each lease arrangement has been gathered. The Council has had initial discussion with the external valuer as it will be required to get valuations for some leased buildings. The Council has also listed a number of arrangements where it will need to consider the impact of lease arrangements embedded in contracts and will be liaising with Audit Wales and other Welsh authorities to ensure a consistent interpretation of this emerging standard is made.

### **3. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

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.

### **4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are

as follows:

### Property, Plant and Equipment

Property Plant and Equipment (excluding infrastructure, community assets, assets under construction and vehicles, plant and equipment) are revalued annually for indicators of impairment. Judgements are required to make an assessment as to whether there has been an assessment of impairment.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful asset lives will impact on depreciation calculations. For assets such as Infrastructure (40 years) Vehicles (6 years) and Equipment (3-18 years) standard asset lives are used unless evidence is available to the contrary. The Useful Economic Lives of operational buildings is estimated by a RICS qualified valuer as part of the valuation process.

The Housing Revenue Account Council Dwelling assets have been revalued during 2022/23 following a review of the properties identified as beacons and housing market, this valuation has been carried out by a RICS qualified valuer from Savills using a Beacon approach. The valuation incorporates the 772 garages included in the Housing Revenue Account which are shown against Land and Buildings, they also include the new build developments completed in year.

In addition due to the materiality uncertainty that continued to be applied to the other services Land and Building assets and in response to concerns expressed in the context of continuing rising construction costs by Audit Wales a desktop valuation of assets valued on a Depreciated Replacement Cost basis was performed by a RICS qualified valuer from Avison Young during 2022/23.

A number of new build schemes were completed during 2022/23 and these assets were also revalued upon transfer from the Asset Under Construction Account by a RICS valued from Avison Young.

Therefore, a significant proportion of the Council's asset base has been subject to revaluation during the 2022/23 financial year. Whereas land asset values have typically remained unchanged the majority of building assets particularly those valued on a DRC basis have increased in value. The valuations are set out in Note 15 to the accounts Property Plant and Equipment.

### Minimum Revenue Provision

Statutory provision is made in the accounts for the repayment of the Council's borrowing. The Minimum Revenue Provision is based on a straight line repayment over the estimated life of the asset. The estimated life is based on information



provided by a qualified valuer as part of the valuation process and the Council's asset register.

### Provisions

A provision is included in the accounts for Municipal Mutual Insurance (MMI) liability using current information.

The MMI liability has been calculated based on the Vale of Glamorgan's share of outstanding claims from South Glamorgan, Mid Glamorgan and Vale of Glamorgan Borough. The scheme administrator regularly reviews the scheme and any significant changes in the financial position may lead to a further clawback.

### Debtors

Sundry and council tax debtors were examined which resulted in a provision for doubtful debts. If the provision is too low, the Authority's finances would be affected. The Provision for Bad and Doubtful Debts is set based on the rates of collection for old debt in the previous financial year.

### 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 actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about the assumptions to be applied. The actuarial report is based on a roll forward of the triennial valuation carried out at 31<sup>st</sup> March 2022.

The demographic and financial assumptions used in arriving at the 2022/23 actuarial report are set out in note 38.

### Fair Value

Where the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where possible the inputs to these valuations are based on observable data but where this is not possible judgement is required in establishing fair values.

Fair Values as at 31<sup>st</sup> March 2023 for the Council's financial assets and liabilities have been provided by the Council's Treasury Management advisor Link Asset Management Ltd and PWLB, as the majority of the Council's borrowing with PWLB at a fixed rate and there has been some increase in the PWLB borrowing rate during the intervening period this can be expected to be reflected in the Fair Values would be unlikely to have changed significantly in recent months, more detail in respect of



this uncertainty is set out in note 40. Disclosure notes set out the fair values for the Authority's financial assets and liabilities as at 31<sup>st</sup> March 2023.

### 5. Material Items of Income and Expenditure

There are no material items of income and expenditure in 2022/23.

### 6. Events after the Balance Sheet Date

The statement of accounts was authorised for issue by the Head of Finance (Section 151 Officer) on 4<sup>th</sup> December 2023. Events taking place after this date are not reflected in the financial statement or notes. There have been no post balance sheet events prior to this date that have been reflected in the statement of accounts.

### 7. Prior Period Adjustment

The Comprehensive Income and Expenditure and the Expenditure and Funding Analysis have been restated to reflect a restructure that took place in 2022 establishing the Corporate Resources and Place Directorates. As this effects the way the Council reports its management accounts the change has also been reflected in the financial statements and the 2021/22 accounts restated to enable comparison. There is no impact on the reserves and the Cost of Services is not amended.

The previous presentation of the Expenditure and Funding Analysis is shown below.

| 2021/22  | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis (Note 8) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|---|---|
|  | £'000   | £'000   | £'000   |
| Learning and Skills  | 107,410   | 13,509  | 120,919   |
| Social Services  | 68,801  | 1,055   | 69,856  |
| Visible and Housing Services                                 | 28,576  | 6,561   | 35,137  |
| Housing Revenue Account (HRA)                                | (5,437)   | (10,934)  | (16,371)  |
| Managing Director and Resources                              | 22,873  | 3,585   | 26,458  |
| Net Cost of Services   | 222,223   | 13,776  | 235,999   |
| Other Income and Expenditure                                 | (246,185)   | (24,830)  | (271,015)   |
| <b>(Surplus) or Deficit</b>                                  | <b>(23,962)</b>   | <b>(11,054)</b>   | <b>(35,016)</b>   |
| <b>Opening General Fund and HRA Balance at 31 March 2021</b> | <b>(104,245)</b>  |   |   |
| Plus Surplus on General Fund and HRA Balance in Year         | (23,962)  |   |   |
| <b>Closing General Fund and HRA Balance 31 March 2022</b>    | <b>(128,206)</b>  |   |   |

The revised presentation of the Expenditure and Funding Analysis is shown below.

| 2021/22  | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis (Note 8) | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|---|---|
| Restated   | £'000   | £'000   | £'000   |
| Learning and Skills  | 107,410   | 13,509  | 120,919   |
| Social Services  | 68,801  | 1,055   | 69,856  |
| Visible and Housing Services                                 | 28,576  | 6,561   | 35,137  |
| Housing Revenue Account (HRA)                                | (5,437)   | (10,934)  | (16,371)  |
| Place  | 3,406   | 948   | 4,354   |
| Corporate Resources  | 1,176   | 17,939  | 19,115  |
| Policy   | 18,291  | (15,302)  | 2,989   |
| Net Cost of Services   | 222,223   | 13,776  | 235,999   |
| Other Income and Expenditure                                 | (246,185)   | (24,830)  | (271,015)   |
| <b>(Surplus) or Deficit</b>                                  | <b>(23,962)</b>   | <b>(11,054)</b>   | <b>(35,016)</b>   |
| <b>Opening General Fund and HRA Balance at 31 March 2021</b> | <b>(104,245)</b>  |   |   |
| Plus Surplus on General Fund and HRA Balance in Year         | (23,962)  |   |   |
| <b>Closing General Fund and HRA Balance 31 March 2022</b>    | <b>(128,206)</b>  |   |   |

The previous presentation of the Comprehensive Income and Expenditure statement is shown below.

| Expenditure on Services         | 2021/22        |                |                |
|---------------------------------|----------------|----------------|----------------|
|                                 | Gross Expt.    | Income         | Net Expt.      |
|                                 | £'000          | £'000          | £'000          |
| Learning and Skills             | 167,551        | 46,632         | 120,919        |
| Social Services                 | 101,315        | 31,459         | 69,856         |
| Visible and Housing Services    | 60,464         | 25,327         | 35,137         |
| Housing Revenue Account (HRA)   | 5,580          | 21,951         | (16,371)       |
| Managing Director and Resources | 67,588         | 41,129         | 26,459         |
| <b>Cost of Services</b>         | <b>402,498</b> | <b>166,498</b> | <b>236,000</b> |

The revised presentation of the Comprehensive Income and Expenditure statement is shown below.

| Expenditure on Services Restated | 2021/22     |        |           |
|----------------------------------|-------------|--------|-----------|
|                                  | Gross Expt. | Income | Net Expt. |
|                                  | £'000       | £'000  | £'000     |
| Learning and Skills              | 167,551     | 46,632 | 120,919   |
| Social Services                  | 101,315     | 31,459 | 69,856    |

|                               |                |                |                |
|-------------------------------|----------------|----------------|----------------|
| Visible and Housing Services  | 60,464         | 25,327         | 35,137         |
| Housing Revenue Account (HRA) | 5,580          | 21,951         | (16,371)       |
| Place                         | 7,897          | 3,543          | 4,354          |
| Corporate Resources           | 53,690         | 34,576         | 19,114         |
| Policy                        | 6,001          | 3,010          | 2,991          |
| <b>Cost of Services</b>       | <b>402,498</b> | <b>166,497</b> | <b>236,000</b> |

## 8. Note to the Expenditure and Funding Analysis

| 2021/22 Restated<br>Adjustments from General Fund to<br>arrive at the Comprehensive Income<br>and Expenditure Statement Amounts          | Category<br>Transfer | Adjustments<br>for Capital<br>Purposes | Net Change<br>for Pensions<br>Adjustment | Other<br>Differences | Total<br>Adjustment |
|--|----------------------|--|--|----------------------|---------------------|
|  | £'000                | £'000                                  | £'000                                    | £'000                | £'000               |
| Learning and Skills  | (3,272)              | 9,791                                  | 6,988                                    | 2                    | 13,509              |
| Social Services  | (3,261)              | 205                                    | 4,115                                    | (4)                  | 1,055               |
| Visible and Housing Services   | (2,331)              | 6,658                                  | 2,234                                    | 0                    | 6,561               |
| Housing Revenue Account (HRA)  | (2,858)              | (8,491)                                | 415                                      | 0                    | (10,934)            |
| Place  | (845)                | 1,244                                  | 549                                      | 0                    | 948                 |
| Corporate Resources  | 14,122               | 790                                    | 3,026                                    | 0                    | 17,938              |
| Policy   | (14,706)             | (1,000)                                | 173                                      | 232                  | (15,301)            |
| <b>Net Cost of Services</b>  | <b>(13,151)</b>      | <b>9,197</b>                           | <b>17,500</b>                            | <b>230</b>           | <b>13,776</b>       |
| Other Income and Expenditure   | 13,151               | (44,806)                               | 6,825                                    | 0                    | (24,830)            |
| Difference between the General<br>Fund surplus or deficit and<br>Comprehensive Income and<br>Expenditure statement surplus or<br>deficit | <b>0</b>             | <b>(35,609)</b>                        | <b>24,325</b>                            | <b>230</b>           | <b>(11,054)</b>     |

| 2022/23<br>Adjustments from General Fund to<br>arrive at the Comprehensive Income<br>and Expenditure Statement Amounts                   | Category<br>Transfer | Adjustments<br>for Capital<br>Purposes | Net Change<br>for Pensions<br>Adjustment | Other<br>Differences | Total<br>Adjustment |
|--|----------------------|--|--|----------------------|---------------------|
|  | £'000                | £'000                                  | £'000                                    | £'000                | £'000               |
| Learning and Skills  | (7,969)              | (3,872)                                | 7,546                                    | 694                  | (3,601)             |
| Social Services  | 707                  | 214                                    | 3,985                                    | 133                  | 5,039               |
| Visible and Housing Services   | (2,772)              | 10,590                                 | 2,398                                    | 40                   | 10,256              |
| Housing Revenue Account (HRA)  | (2,664)              | (3,840)                                | 429                                      | 11                   | (6,064)             |
| Place  | (807)                | 1,476                                  | 569                                      | 21                   | 1,259               |
| Corporate Resources  | 13,818               | 793                                    | 3,048                                    | 74                   | 17,733              |
| Policy   | (12,133)             | (740)                                  | 110                                      | 68                   | (12,695)            |
| <b>Net Cost of Services</b>  | <b>(11,820)</b>      | <b>4,621</b>                           | <b>18,085</b>                            | <b>1,041</b>         | <b>11,927</b>       |
| Other Income and Expenditure   | 11,820               | (50,434)                               | 7,239                                    | 0                    | (31,375)            |
| Difference between the General<br>Fund surplus or deficit and<br>Comprehensive Income and<br>Expenditure statement surplus or<br>deficit | <b>0</b>             | <b>(45,813)</b>                        | <b>25,324</b>                            | <b>1,041</b>         | <b>(19,448)</b>     |

Note (i) Adjustments for Capital Purposes

- Depreciation/impairment and revaluation gains and losses are added in.
- Adjustment for disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Statutory Capital Financing charges are deducted (Minimum Revenue Provision).
- Capital Grants and Donations are adjusted for.

Note (ii) Net Change for the Pensions Adjustments

This adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income which means:

- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the Other Income and Expenditure line.

Note (iii) Other Differences

- Adjustments are made for accumulated absences.

## 9. Expenditure and Funding Analysis by Nature

| 31 March 2022<br>£'000 |   | 31 March 2023<br>£'000 |
|------------------------|---|------------------------|
| 186,487                | Employee Expenditure  | 204,736                |
| 11,667                 | Employee Expenditure (Aided Schools)                                | 13,020                 |
| 190,446                | Other Service Expenditure   | 207,472                |
| 13,939                 | Depreciation, Amortisation, Impairments & Other Capital Adjustments | 17,767                 |
| 6,916                  | Interest Payments   | 6,751                  |
| 27,692                 | Precepts & Levies   | 29,027                 |
| 10,078                 | Loss on Disposal of Non-Current Assets                              | 4,339                  |
| 6,825                  | Interest on net defined benefit liability/ (asset)                  | 7,239                  |
| 7                      | Revaluation on Investment Properties                                | 204                    |
| 0                      | Trading Deficit   | 88                     |
| <b>454,057</b>         | <b>Total Expenditure</b>  | <b>490,643</b>         |
|                        |   |                        |
| (45,304)               | Fees Charges & Other Service Income                                 | (50,066)               |
| (146)                  | Interest, Investment Income and Trading Surplus                     | (2,152)                |
| (95,019)               | Income from Council Tax   | (98,495)               |
| (348,603)              | Government Grants and Contributions                                 | (344,047)              |
| 0                      | Gains Disposal of Non-Current Assets                                | 0                      |
|                        |   |                        |
| <b>(489,072)</b>       | <b>Total Income</b>   | <b>(494,760)</b>       |
|                        |   |                        |
| <b>(35,015)</b>        | <b>(Surplus) or Deficit on the Provision of Services</b>            | <b>(4,117)</b>         |

## 10. Adjustments between Accounting Basis and Funding Basis under Regulations

| Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22   | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapp | Mvmt in Unusable Reserves |
|--|----------------------|-------------------------|--------------------------|----------------------|---------------------------|
| <b>Adjustments to Revenue Resources</b>  | <b>£'000</b>         | <b>£'000</b>            | <b>£'000</b>             | <b>£'000</b>         | <b>£'000</b>              |
| <b>Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements</b> |                      |                         |                          |                      |                           |
| Reversal of items relating to retirement benefits debited or credited to the CIES  | 39,560               | 858                     | 0                        | 0                    | (40,418)                  |
| Employers pension contributions and direct payments to pensions payable in the year  | (15,558)             | (304)                   | 0                        | 0                    | 15,862                    |
| Financial Instruments (transferred to the Financial Instruments Adjustment Account)  | (2)                  | 0                       | 0                        | 0                    | 2                         |
| Holiday pay (transfers to the Accumulated Absences Reserve)  | 1                    | 0                       | 0                        | 0                    | (1)                       |
| Charges for depreciation/impairment of non-current assets  | 13,434               | 1,454                   | 0                        | 0                    | (14,888)                  |
| Revaluation (surplus)/deficit on Property Plant and Equipment  | 3,175                | (6,575)                 | 0                        | 0                    | 3,400                     |
| Amortisation of intangible assets  | 78                   | 0                       | 0                        | 0                    | (78)                      |
| Amounts of non-current assets written off on disposal to CIES  | 11,176               | 0                       | 0                        | 0                    | (11,176)                  |
| Revenue Expenditure funded from capital under statute  | 6,481                | 934                     | 0                        | 0                    | (7,415)                   |
| <b>Total Adjustments to Revenue Resources</b>  | <b>58,345</b>        | <b>(3,633)</b>          | <b>0</b>                 | <b>0</b>             | <b>(54,712)</b>           |
| <b>Adjustments between Revenue and Capital Resources</b>   |                      |                         |                          |                      |                           |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | (248)                | 0                       | 248                      | 0                    | 0                         |
| Transfer of non-current asset sale proceeds from revenue to the Deferred Capital Receipts Reserve  | (850)                | 0                       | 0                        | 0                    | 850                       |
| Administrative costs of the non-current asset disposals (funded by Capital Receipts Reserve)   | 0                    | 0                       | 0                        | 0                    | 0                         |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)   | (3,619)              | (1,600)                 | 0                        | 0                    | 5,219                     |
| Capital Expenditure financed from revenue balances (transferred to the Capital Adjustment Acc.)  | (1,863)              | (2,701)                 | 0                        | 0                    | 4,564                     |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>(6,580)</b>       | <b>(4,301)</b>          | <b>248</b>               | <b>0</b>             | <b>10,633</b>             |
| <b>Adjustments to Capital Resources</b>  |                      |                         |                          |                      |                           |
| Use of Capital Receipts Reserve to finance capital expenditure   | 0                    | 0                       | (1,796)                  | 0                    | 1,796                     |
| Application of capital grants to finance capital expenditure   | (47,530)             | (7,355)                 | 0                        | (1,457)              | 56,342                    |
| Cash payments in relation to deferred capital receipts   | 0                    | 0                       | 0                        | 0                    | 0                         |
| <b>Total Adjustments to Capital Resources</b>  | <b>(47,530)</b>      | <b>(7,355)</b>          | <b>(1,796)</b>           | <b>(1,457)</b>       | <b>58,138</b>             |
| <b>Total Adjustments</b>   | <b>4,235</b>         | <b>(15,289)</b>         | <b>(1,548)</b>           | <b>(1,457)</b>       | <b>14,059</b>             |

| Adjustments between Accounting Basis and Funding Basis under Regulations 2022/23   | Council Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapp | Mvmt in Unusable Reserves |
|--|----------------------|-------------------------|--------------------------|----------------------|---------------------------|
| <b>Adjustments to Revenue Resources</b>  | <b>£'000</b>         | <b>£'000</b>            | <b>£'000</b>             | <b>£'000</b>         | <b>£'000</b>              |
| <b>Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements</b> |                      |                         |                          |                      |                           |
| Reversal of items relating to retirement benefits debited or credited to the CIES  | 42,176               | 909                     | 0                        | 0                    | (43,085)                  |
| Employers pension contributions and direct payments to pensions payable in the year  | (17,426)             | (335)                   | 0                        | 0                    | 17,761                    |
| Financial Instruments (transferred to the Financial Instruments Adjustment Account)  | 66                   | 0                       | 0                        | 0                    | (66)                      |
| Holiday pay (transfers to the Accumulated Absences Reserve)  | 963                  | 11                      | 0                        | 0                    | (974)                     |
| Charges for depreciation/impairment of non-current assets  | 15,895               | 1,582                   | 0                        | 0                    | (17,477)                  |
| Revaluation (surplus)/deficit on Property Plant and Equipment  | 4,043                | 3,724                   | 0                        | 0                    | (7,767)                   |
| Amortisation of intangible assets  | 81                   | 0                       | 0                        | 0                    | (81)                      |
| Amounts of non-current assets written off on disposal to CIES  | 6,069                | 739                     | 0                        | 0                    | (6,808)                   |
| Revenue Expenditure funded from capital under statute  | 6,929                | 1,167                   | 0                        | 0                    | (8,096)                   |
| <b>Total Adjustments to Revenue Resources</b>  | <b>58,796</b>        | <b>7,797</b>            | <b>0</b>                 | <b>0</b>             | <b>(66,593)</b>           |
| <b>Adjustments between Revenue and Capital Resources</b>   |                      |                         |                          |                      |                           |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | (404)                | (2,090)                 | 2,494                    | 0                    | 0                         |
| Transfer of non-current asset sale proceeds from the Deferred Capital Receipts Reserve to Capital Receipts   | 0                    | 0                       | 850                      | 0                    | (850)                     |
| Administrative costs of the non-current asset disposals (funded by Capital Receipts Reserve)   | 23                   | 0                       | 0                        | 0                    | (23)                      |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)   | (3,885)              | (1,618)                 | 0                        | 0                    | 5,503                     |
| Capital Expenditure financed from revenue balances (transferred to the Capital Adjustment Acc.)  | (14,600)             | (8,696)                 | 0                        | 0                    | 23,296                    |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>(18,866)</b>      | <b>(12,404)</b>         | <b>3,344</b>             | <b>0</b>             | <b>27,926</b>             |
| <b>Adjustments to Capital Resources</b>  |                      |                         |                          |                      |                           |
| Use of Capital Receipts Reserve to finance capital expenditure   | 0                    | 0                       | (4,554)                  | 0                    | 4,554                     |
| Application of capital grants to finance capital expenditure   | (47,815)             | (6,957)                 | 0                        | 2,878                | 51,894                    |
| Cash payments in relation to deferred capital receipts   | 0                    | 0                       | 0                        | 0                    | 0                         |
| <b>Total Adjustments to Capital Resources</b>  | <b>(47,815)</b>      | <b>(6,957)</b>          | <b>(4,554)</b>           | <b>2,878</b>         | <b>56,448</b>             |
| <b>Total Adjustments</b>   | <b>(7,885)</b>       | <b>(11,564)</b>         | <b>(1,210)</b>           | <b>2,878</b>         | <b>17,781</b>             |

### 11. Transfers To/From Earmarked Reserves

This sets out the amounts set aside from the Council Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund and HRA expenditure in 2022/23.

| Restated  | 31-<br>Mar-<br>21 | Tfr In | Tfr<br>Out | 31-<br>Mar-22 | Tfr In | Tfr<br>Out | 31-<br>Mar-<br>23 |
|---|-------------------|--------|------------|---------------|--------|------------|-------------------|
| <b>Council Fund</b>   | £'000             | £'000  | £'000      | £'000         | £'000  | £'000      | £'000             |
| <b>School Reserves-</b> Under Local Government Management of Schools, schools are able to carry forward surpluses and deficits. These are ringfenced for schools. | 6,640             | 8,874  | 2,425      | 13,089        | 934    | 6,516      | 7,508             |
| <b>Capital Reserves</b>   |                   |        |            |               |        |            |                   |
| <b>ICT Renewal</b> - This is a fund set aside to meet ICT renewals and has been consolidated with Digital Reshaping reserve.                                      | 3,980             | 72     | 1,320      | 2,732         | 10     | 2,742      | 0                 |
| <b>School Investment Strategy</b> - The fund is available in respect of improvements to Schools including the 21 <sup>st</sup> Century schools capital programme. | 8,563             | 1,324  | 1,849      | 8,038         | 306    | 6,448      | 1,896             |
| <b>WG Additional Schools Capital Grant</b> – Grant funding received and carried forward for capital works.  | 2,312             | 2,385  | 2,285      | 2,412         | 2,276  | 2,354      | 2,334             |
| <b>Investment and Growth Fund-</b> This fund is to finance the Council's Non Treasury Investment Strategy Fund  | 2,354             | 0      | 0          | 2,354         | 0      | 0          | 2,354             |
| <b>Vehicle Repairs and Renewals</b> - For the replacement of plant and vehicles.  | 1,744             | 2,366  | 2,627      | 1,483         | 1,221  | 731        | 1,973             |
| <b>Carbon Vehicles Reserve</b> – This scheme will now be delivered using Project Zero Funding   | 215               | 0      | 175        | 40            | 0      | 40         | 0                 |
| <b>Waste Transfer Station</b> – Establishment of a Waste Transfer Station.  | 1,498             | 849    | 0          | 2,347         | 0      | 1,456      | 891               |
| <b>Corporate Landlord</b> – To maintain Council buildings.  | 5,889             | 0      | 424        | 5,465         | 1,509  | 1,267      | 5,707             |
| <b>Energy Pressures Reserve</b> – Funding to support risk associated with Energy pressures.   | 0                 | 0      | 0          | 0             | 3,885  | 0          | 3,885             |
| <b>Social Services Buildings</b> - To fund the update of Social Services this will now be met from Corporate Landlord Reserve                                     | 500               | 0      | 4          | 496           | 0      | 496        | 0                 |
| <b>ICF Capital</b> - To fund ICF capital projects.  | 300               | 0      | 25         | 275           | 0      | 16         | 259               |
| <b>Gypsy Traveller Study and Site Provision</b> Funding for Gypsy Traveller Site scheme.  | 1,052             | 0      | 3          | 1,049         | 0      | 1,049      | 0                 |
| <b>Capital Scheme Commitments</b> – Set aside to top up Barry Regeneration schemes.   | 3,075             | 1,628  | 242        | 4,461         | 1,993  | 616        | 5,838             |
| <b>Telecare</b> – Replacement fund for Telecare.  | 753               | 109    | 0          | 862           | 181    | 0          | 1,043             |
| <b>Social Services Vehicles and Licences</b>  | 0                 | 408    | 0          | 408           | 0      | 0          | 408               |



|   | 31-Mar-21 | Tfr In | Tfr Out | 31-Mar-22 | Tfr In | Tfr Out | 31-Mar-23 |
|---|-----------|--------|---------|-----------|--------|---------|-----------|
| <b>Council Fund</b>   | £'000     | £'000  | £'000   | £'000     | £'000  | £'000   | £'000     |
| <b>Revenue Reserves</b>   |           |        |         |           |        |         |           |
| <b>Resurfacing and Structural Improvements</b> - Funding set aside for Capital Improvements now reallocated to Capital Commitments                              | 0         | 2,420  | 0       | 2,420     | 0      | 2,420   | 0         |
| <b>Country Park Capital Schemes</b> - Funding set aside for Capital Improvements reallocated to Capital Commitments   | 0         | 336    | 0       | 336       | 77     | 276     | 137       |
| <b>Free School Meals Reserve</b> - Funding displaced by grant to fund initial adaptations to allow implementation of WG Free School Meals Policy                | 0         | 1,138  | 0       | 1,138     | 1,593  | 1,138   | 1,593     |
| <b>Energy Management Fund</b> – Energy management schemes initially funded from the reserve and services make repayments to the fund once savings are achieved. | 226       | 87     | 23      | 290       | 110    | 241     | 159       |
| <b>Coastal Works</b> - To fund the ongoing liabilities of coastal developments. Reallocated to Capital Commitments.   | 607       | 0      | 31      | 576       | 0      | 576     | 0         |
| <b>Capital Economic Regeneration Reserve</b> – Reallocated to Capital Commitments   | 456       | 0      | 61      | 395       | 0      | 395     | 0         |
| <b>City Deal</b> – To provide funds for the Cardiff Capital Region City Deal.   | 1,898     | 0      | 0       | 1,898     | 0      | 0       | 1,898     |
| <b>Neighbourhood Services Reserve</b> – To fund capital and revenue Neighbourhood Services schemes.   | 3,390     | 1,147  | 850     | 3,687     | 698    | 1,981   | 2,404     |
| <b>Events</b> - To provide funds to promote events in the Vale of Glamorgan.  | 180       | 0      | 100     | 80        | 0      | 80      | 0         |
| <b>Pay Pressures</b> - This is set aside to fund unbudgeted pay pressures future costs of the early retirement and redundancy scheme.                           | 973       | 0      | 500     | 473       | 3,695  | 0       | 4,168     |
| <b>Corporate Governance</b>   | 338       | 0      | 102     | 236       | 0      | 236     | 0         |
| <b>Election Expenses</b> –Set aside for Council Elections   | 452       | 42     | 1       | 493       | 41     | 239     | 295       |
| <b>Libraries and Community</b> - To provide funds to support Library Services and Adult Community Learning  | 290       | 0      | 0       | 290       | 162    | 55      | 397       |
| <b>Catering</b> - To support the establishment of the Catering trading company.   | 117       | 0      | 0       | 117       | 0      | 117     | 0         |



|   | 31-Mar-21 | Tfr In | Tfr Out | 31-Mar-22 | Tfr In | Tfr Out | 31-Mar-23 |
|---|-----------|--------|---------|-----------|--------|---------|-----------|
| <b>Council Fund</b>   | £'000     | £'000  | £'000   | £'000     | £'000  | £'000   | £'000     |
| <b>Revenue Reserves</b>   |           |        |         |           |        |         |           |
| <b>Grant Exit Strategy</b> – To pay potential redundancy costs if Welsh Government grants are discontinued now reallocated to Pay Pressures   | 630       | 0      | 0       | 630       | 0      | 630     | 0         |
| <b>Ysgol Bro Morgannwg 3G</b> Pitch Repairs and Renewals Fund   | 0         | 50     | 0       | 50        | 0      | 0       | 50        |
| <b>Wellbeing and Family Engagement</b><br>Reallocated to Education Improvements   | 0         | 695    | 0       | 695       | 0      | 695     | 0         |
| <b>Welsh Immersion Reserve</b><br>Reallocated to Education Improvements   | 0         | 80     | 0       | 80        | 32     | 112     | 0         |
| <b>Trainee Appointments</b> – To fund the appointment of trainees and interns to support services and the Reshaping Service Programme.  | 601       | 0      | 0       | 601       | 0      | 80      | 521       |
| <b>Legal Services</b> – To provide for external and additional legal capacity required for one off schemes and major projects.  | 415       | 0      | 124     | 291       | 0      | 291     | 0         |
| <b>Corporate Resources Reserve</b> – To support Directorate pressures and initiatives   | 377       | 0      | 0       | 377       | 670    | 313     | 734       |
| <b>Building Services Improvement</b> – Monies set aside for improvements to the Building Services.  | 355       | 347    | 0       | 702       | 100    | 0       | 802       |
| <b>Insurance Fund</b> - This reserve covers an estimate of potential claims (those estimated to have occurred but not reported as at 31 March 2023). These would include claims for public and employers liability, motor vehicle, buildings insurance costs. | 4,648     | 0      | 119     | 4,529     | 373    | 25      | 4,877     |
| <b>Schools Rationalisation</b> - This reserve will meet the costs of school restructuring and reorganisation. Reallocated to Education Improvements.  | 1,167     | 76     | 510     | 733       | 0      | 733     | 0         |
| <b>School Deferred Pensions</b> – Reallocated to Pay Pressures  | 335       | 0      | 19      | 316       | 25     | 341     | 0         |
| <b>Education Improvements and Pressures</b> – To fund the current pressures within Learning and Skills  | 452       | 498    | 80      | 870       | 2,924  | 244     | 3,550     |

|   | 31-Mar-21 | Tfr In | Tfr Out | 31-Mar-22 | Tfr In | Tfr Out | 31-Mar-23 |
|---|-----------|--------|---------|-----------|--------|---------|-----------|
|   | £'000     | £'000  | £'000   | £'000     | £'000  | £'000   | £'000     |
| <b>Bad Weather-</b> To fund costs due to bad weather.   | 470       | 0      | 0       | 470       | 0      | 0       | 470       |
| <b>Regeneration Fund</b> - To fund regeneration projects.   | 465       | 0      | 25      | 440       | 0      | 440     | 0         |
| <b>Ash Die Back Reserve</b> - Dedicated funding to address Ash Die Back   | 0         | 600    | 38      | 562       | 0      | 226     | 336       |
| <b>Reshaping Services</b> - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Programme, and fund invest to save schemes. | 517       | 0      | 3       | 514       | 2,159  | 150     | 2,523     |
| <b>Digital Reshaping</b> - To fund one off costs that will be incurred during the implementation of the Council's Reshaping Services Digital Programme.                           | 220       | 0      | 0       | 220       | 1,312  | 0       | 1,532     |
| <b>Welfare Reforms</b> - To fund pressures resulting from Welfare Reforms.  | 1,021     | 611    | 733     | 899       | 0      | 45      | 854       |
| <b>Legal Claims</b> - Funds have been set aside to cover potential legal cases.   | 1,870     | 0      | 0       | 1,870     | 130    | 0       | 2,000     |
| <b>Social Services Legislative Changes</b> – To cover additional burdens on the authority due to changes in legislation.  | 8,227     | 2,596  | 71      | 10,752    | 2,400  | 3,140   | 10,012    |
| <b>Social Services Pressures</b> - To cover potential expenditure on high cost children placements.   | 1,913     | 0      | 186     | 1,727     | 0      | 1,727   | 0         |
| <b>Social Services Development</b> – To cover costs of implementing service development and contingency for premises maintenance.   | 350       | 0      | 0       | 350       | 0      | 350     | 0         |
| <b>Homelessness and Housing Staffing</b> – Funding for temporary housing roles.   | 725       | 0      | 3       | 722       | 3,636  | 0       | 4,358     |
| <b>Place Reserve</b> – Monies set aside to cover various commitments in the Directorate.  | 996       | 114    | 0       | 1,110     | 914    | 122     | 1,902     |
| <b>Socio Economic Mapping and Recovery</b> – To support recovery initiatives  | 500       | 0      | 0       | 500       | 0      | 500     | 0         |
| <b>Civil Parking Enforcement</b> - Ringfenced funding for parking improvements in the Vale  | 0         | 127    | 0       | 127       | 26     | 150     | 3         |
| <b>Additional Leaning Needs Reserve</b> – To support the delivery of the ALN act now reallocated to Education Improvements.   | 375       | 776    | 0       | 1,151     | 0      | 1,151   | 0         |

|  | 31-Mar-21     | Tfr In        | Tfr Out       | 31-Mar-22     | Tfr In        | Tfr Out       | 31-Mar-23     |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | £'000         | £'000         | £'000         | £'000         | £'000         | £'000         | £'000         |
| <b>Waste Management Contingency Reserve -</b><br>Recycling material values   | 0             | 250           | 0             | 250           | 0             | 50            | 200           |
| <b>Covid Response Reserve -</b><br>Funding set aside to support the Council's response to Covid  | 0             | 1,249         | 0             | 1,249         | 0             | 1,249         | 0             |
| <b>Cost of Living Discretionary -</b><br>WG Discretionary Funding carried forward to deliver the Cost of Living scheme                                   | 0             | 825           | 0             | 825           | 0             | 825           | 0             |
| <b>Private Sector Housing –</b> To cover developments within Private Sector Housing.   | 224           | 45            | 0             | 269           | 0             | 269           | 0             |
| <b>Building Stronger Communities</b><br>–Promotes initiatives consistent with the Council's vision of "Strong communities with a bright future".         | 206           | 0             | 15            | 191           | 29            | 0             | 220           |
| <b>Regulatory Services -</b> For Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.         | 298           | 83            | 124           | 257           | 0             | 156           | 101           |
| <b>Green Infrastructure and Climate Change -</b> Reallocated to Project Zero.  | 1,250         | 0             | 600           | 650           | 0             | 650           | 0             |
| <b>Project Zero -</b> To support the Council climate change agenda   | 500           | 299           | 68            | 731           | 751           | 59            | 1,423         |
| <b>Wellbeing and Leisure -</b> To support and promote wellbeing and leisure in the Vale  | 350           | 0             | 3             | 347           | 0             | 347           | 0             |
| <b>Shared Internal Audit Service –</b><br>Balance held by the Vale of Glamorgan on behalf of the shared service  | 399           | 224           | 138           | 485           | 161           | 385           | 261           |
| <b>Other -</b> Various amounts set aside for education, planning, housing and community service issues.  | 2,102         | 862           | 177           | 2,787         | 1,317         | 3,496         | 609           |
| <b>Joint Committees -</b> This is the Council's proportion of reserves held by the Joint Committees, the use of which, is agreed by the Joint Committee. | 616           | 372           | 0             | 988           | 1,392         | 0             | 2,380         |
| <b>Total Council Fund Reserves</b>   | <b>80,376</b> | <b>33,963</b> | <b>16,083</b> | <b>98,257</b> | <b>37,044</b> | <b>50,436</b> | <b>84,865</b> |

|  | 31-Mar-21     | Tfr In       | Tfr Out  | 31-Mar-22     | Tfr In   | Tfr Out    | 31-Mar-23     |
|--|---------------|--------------|----------|---------------|----------|------------|---------------|
|  | £'000         | £'000        | £'000    | £'000         | £'000    | £'000      | £'000         |
| <b>Housing Revenue Account (HRA)</b>   |               |              |          |               |          |            |               |
| <b>Housing Revenue Account -</b><br>The Authority maintains a Housing Revenue Account. This reserve is ringfenced by statute for use by the HRA. | 12,000        | 5,439        | 0        | 17,439        | 0        | 953        | 16,486        |
| <b>Total HRA Reserves</b>  | <b>12,000</b> | <b>5,439</b> | <b>0</b> | <b>17,439</b> | <b>0</b> | <b>953</b> | <b>16,486</b> |

## 12. Revenue Support Grant

The amount of Revenue Support Grant recorded as income is a total figure of £138.065m.

## 13. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for The Vale of Glamorgan Council and the Police and Crime Commissioner for South Wales (£18.724m) and Town and Community Councils (£3.270m) for the forthcoming year and dividing this amount by the council tax base. The Council Tax base is the number of properties in each band adjusted by a proportion to convert the number to a band D equivalent, totaled across all bands for 2022/23.

This basic amount for a band D property £1,396.35 (£1,357.02 in 2021/22) is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following proportions for Bands A to I for 2022/23:

| Council Tax Band | Proportion | No. of Properties |
|------------------|------------|-------------------|
| Band A           | 0.67       | 1,441             |
| Band B           | 0.78       | 6,452             |
| Band C           | 0.89       | 14,221            |
| Band D           | 1.00       | 11,625            |
| Band E           | 1.22       | 10,579            |
| Band F           | 1.44       | 7,532             |
| Band G           | 1.67       | 5,813             |

|        |      |               |
|--------|------|---------------|
| Band H | 2.00 | 2,240         |
| Band I | 2.33 | 1,055         |
|        |      | <b>60,958</b> |

Council Tax collectable in 2022/23 can be calculated as:

|   | 2021/22       | 2022/23       |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Council Tax Collectable                         | 106,708       | 111,101       |
| Council Tax Reduction Scheme and Care Leaver    | (11,081)      | (11,073)      |
| Provision for non payment of Council Tax        | (605)         | (1,533)       |
| <b>Amount Due From Taxpayers Before Rebates</b> | <b>95,022</b> | <b>98,495</b> |
| Allocated to:                                   |               |               |
| South Wales Police Precept                      | 17,669        | 18,724        |
| Vale of Glamorgan County Council                | 85,260        | 87,574        |
| Council Tax Reduction Scheme and Care Leaver    | (11,081)      | (11,073)      |
| Town and Community Councils Precepts            | 3,174         | 3,270         |
| <b>Total</b>                                    | <b>95,022</b> | <b>98,495</b> |

#### 14. National Non-Domestic Rates

NNDR is organised on a national basis. The Government specifies an amount (53.5p in 2021/22 and 53.5p in 2022/23) local businesses pay rates calculated by multiplying their rateable value by that amount.

The Council collects rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Welsh Government. The sums paid into the pool are redistributed back to local authorities' Council Funds on the basis of a fixed amount per head of population. The Council received £47.950m in 2022/23 (£43.918m in 2021/22).

The NNDR billed to ratepayers, after reliefs etc. was £31,801,061.17 for 2022/23 (£31,102,802 in 2021/22) and was based on year end rateable value for both 2022/23 at 31/03/23 being £79,927,638 and 2021/22 at 31/03/22 being £78,705,995. The NNDR rateable value was significantly reduced due to the introduction of the enhanced RHLRR Scheme due to the pandemic.

#### 15. Property, Plant and Equipment

| <b>Movement on Balance in 2021/22</b>                              | <b>Council Dwellings</b> | <b>Land &amp; Buildings</b> | <b>Vehicle Plant &amp; Equipment</b> | <b>Community Asset</b> | <b>Assets under Construction</b> | <b>Surplus Assets</b> | <b>Total</b>    |
|--|--------------------------|-----------------------------|--------------------------------------|------------------------|----------------------------------|-----------------------|-----------------|
|  | <b>£'000</b>             | <b>£'000</b>                | <b>£'000</b>                         | <b>£'000</b>           | <b>£'000</b>                     | <b>£'000</b>          | <b>£'000</b>    |
| <b>Cost or Valuation as at 1 April 2021</b>                        | <b>199,325</b>           | <b>381,926</b>              | <b>28,788</b>                        | <b>3,868</b>           | <b>64,955</b>                    | <b>2,785</b>          | <b>681,647</b>  |
| Additions  | 3,503                    | 32,265                      | 4,498                                | 0                      | 9,910                            | 0                     | 50,176          |
| Joint Committee Additions  | 0                        | 0                           | 144                                  | 0                      | 67                               | 0                     | 211             |
| Derecognition of accumulated depreciation & impairment to GCA      | (38,227)                 | (17,730)                    | 0                                    | 0                      | 0                                | 0                     | (55,957)        |
| Revaluation increase   | 20,994                   | 26,855                      | 0                                    | 0                      | 0                                | (56)                  | 47,793          |
| Disposals  | 0                        | (11,523)                    | (1,483)                              | 0                      | 0                                | (180)                 | (13,186)        |
| Transfers between asset classes                                    | 2,396                    | 58,164                      | 210                                  | 0                      | (61,457)                         | 687                   | 0               |
| <b>Cost or Valuation as at 31 March 2022</b>                       | <b>187,991</b>           | <b>469,957</b>              | <b>32,157</b>                        | <b>3,868</b>           | <b>13,475</b>                    | <b>3,236</b>          | <b>710,684</b>  |
| <b>Accumulated depreciation and impairment as at 1 April 2021</b>  | <b>(36,891)</b>          | <b>(12,276)</b>             | <b>(14,092)</b>                      | <b>0</b>               | <b>0</b>                         | <b>0</b>              | <b>(63,259)</b> |
| Depreciation charge  | (1,342)                  | (6,312)                     | (3,336)                              | 0                      | 0                                | (5)                   | (10,995)        |
| Derecognition of accumulated depreciation to GCA                   | 38,227                   | 17,730                      | 0                                    | 0                      | 0                                | 0                     | 55,957          |
| Impairment Losses  | 0                        | 0                           | 0                                    | 0                      | 0                                | 0                     | 0               |
| Transfers between asset classes                                    | 0                        | 31                          | 0                                    | 0                      | 0                                | (31)                  | 0               |
| Disposals  | 0                        | 615                         | 1,397                                | 0                      | 0                                | 0                     | 2,012           |
| <b>Accumulated Depreciation and Impairment as at 31 March 2022</b> | <b>(6)</b>               | <b>(212)</b>                | <b>(16,031)</b>                      | <b>0</b>               | <b>0</b>                         | <b>(36)</b>           | <b>(16,285)</b> |
| <b>Net Book Value 2021/22</b>                                      |                          |                             |                                      |                        |                                  |                       |                 |
|  | <b>Council Dwellings</b> | <b>Land &amp; Buildings</b> | <b>Vehicle Plant &amp; Equipment</b> | <b>Community Asset</b> | <b>Assets under Construction</b> | <b>Surplus Assets</b> | <b>Total</b>    |
| <b>At 31 March 2021</b>  | <b>162,434</b>           | <b>369,650</b>              | <b>14,696</b>                        | <b>3,868</b>           | <b>64,955</b>                    | <b>2,785</b>          | <b>618,388</b>  |
| <b>At 31 March 2022</b>  | <b>187,985</b>           | <b>469,745</b>              | <b>16,126</b>                        | <b>3,868</b>           | <b>13,475</b>                    | <b>3,200</b>          | <b>694,399</b>  |

| <b>Movement on Balance in 2022/23</b>                         | <b>Council Dwellings</b> | <b>Land &amp; Buildings</b> | <b>Vehicle Plant &amp; Equipment</b> | <b>Community Asset</b> | <b>Assets under Construction</b> | <b>Surplus Assets</b> | <b>Total</b>   |
|---|--------------------------|-----------------------------|--------------------------------------|------------------------|----------------------------------|-----------------------|----------------|
|   | <b>£'000</b>             | <b>£'000</b>                | <b>£'000</b>                         | <b>£'000</b>           | <b>£'000</b>                     | <b>£'000</b>          | <b>£'000</b>   |
| <b>Cost or Valuation as at 1 April 2022</b>                   | <b>187,991</b>           | <b>469,957</b>              | <b>32,157</b>                        | <b>3,868</b>           | <b>13,475</b>                    | <b>3,236</b>          | <b>710,684</b> |
| Additions   | 5,742                    | 18,973                      | 5,664                                | 0                      | 35,250                           | 0                     | 65,629         |
| Joint Committee Additions                                     | 0                        | 13                          | 141                                  | 0                      | 53                               | 0                     | 207            |
| Derecognition of accumulated depreciation & impairment to GCA | (1,404)                  | (7,754)                     | 0                                    | 0                      | 0                                | 0                     | (9,158)        |
| Revaluation increase/(decrease)                               | 7,185                    | 8,204                       | 0                                    | 0                      | 0                                | 0                     | 15,389         |

|  |                          |                             |                                      |                        |                                  |                       |                 |
|--|--------------------------|-----------------------------|--------------------------------------|------------------------|----------------------------------|-----------------------|-----------------|
| Disposals  | (73)                     | (1,059)                     | (1,675)                              | 0                      | 0                                | 0                     | (2,807)         |
| Transfers between asset classes                                    | 5,249                    | 3,698                       | 0                                    | 0                      | (8,947)                          | 0                     | 0               |
| Assets reclassified (to) held for sale                             | 0                        | 0                           | 0                                    | 0                      | 0                                | 0                     | 0               |
| <b>Cost or Valuation as at 31 March 2023</b>                       | <b>204,690</b>           | <b>492,032</b>              | <b>36,287</b>                        | <b>3,868</b>           | <b>39,831</b>                    | <b>3,236</b>          | <b>779,764</b>  |
| <b>Accumulated depreciation and impairment as at 1 April 2022</b>  | <b>(6)</b>               | <b>(212)</b>                | <b>(16,031)</b>                      | <b>0</b>               | <b>0</b>                         | <b>(36)</b>           | <b>(16,285)</b> |
| Depreciation charge  | (1,404)                  | (8,151)                     | (3,815)                              | 0                      | 0                                | 0                     | (13,370)        |
| Derecognition of accumulated depreciation to GCA                   | 1,404                    | 7,754                       | 0                                    | 0                      | 0                                | 0                     | 9,158           |
| Impairment Losses  | 0                        | (61)                        | 3                                    | 0                      | 0                                | 0                     | (58)            |
| Transfers between asset classes                                    | 0                        | 0                           | 0                                    | 0                      | 0                                | 0                     | 0               |
| Disposals  | 5                        | 5                           | 1,632                                | 0                      | 0                                | 0                     | 1,642           |
| <b>Accumulated Depreciation and Impairment as at 31 March 2023</b> | <b>(1)</b>               | <b>(665)</b>                | <b>(18,211)</b>                      | <b>0</b>               | <b>0</b>                         | <b>(36)</b>           | <b>(18,913)</b> |
| <b>Net Book Value 2022/23</b>                                      |                          |                             |                                      |                        |                                  |                       |                 |
|  | <b>Council Dwellings</b> | <b>Land &amp; Buildings</b> | <b>Vehicle Plant &amp; Equipment</b> | <b>Community Asset</b> | <b>Assets under Construction</b> | <b>Surplus Assets</b> | <b>Total</b>    |
| <b>At 31 March 2022</b>  | <b>187,985</b>           | <b>469,745</b>              | <b>16,126</b>                        | <b>3,868</b>           | <b>13,475</b>                    | <b>3,200</b>          | <b>694,399</b>  |
| <b>At 31 March 2023</b>  | <b>204,689</b>           | <b>491,367</b>              | <b>18,076</b>                        | <b>3,868</b>           | <b>39,778</b>                    | <b>3,200</b>          | <b>761,031</b>  |

### Infrastructure Assets

In accordance with the temporary relief that has been offered by the update to the 2022/23 Code on accounting for Infrastructure Assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices mean that this would not accurately represent an accurate asset position to the user of the financial statements.

The Council has chose not to disclose this information as the information available would not provide an accurate basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The Council has deteremined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance as Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised when there is replacement expenditure is nil. The Infrastructure Assets Net Book Value is set out in the table below:

| <b>Infrastructure Net Book Value</b> | <b>2021/22</b> | <b>2022/23</b> |
|--------------------------------------|----------------|----------------|
|                                      | <b>£'000</b>   | <b>£'000</b>   |
| <b>Net Book Value 1 April</b>        | <b>123,133</b> | <b>127,842</b> |
| Additions                            | 8,606          | 8,352          |
| Disposals                            | 0              | (10,946)       |
| Depreciation charge                  | (3,897)        | (4,074)        |
| Depreciation Disposal                | 0              | 5,293          |
| <b>Net Book Value 31 March</b>       | <b>127,842</b> | <b>126,466</b> |

Infrastructure Assets are not disclosed separately on the Balance Sheet, a reconciliation of the Property Plant & Equipment amount held on the Balance Sheet is set out in the table below.

| <b>Reconciliation to Balance Sheet</b>           | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Infrastructure Assets                            | 127,842        | 126,466        |
| Other Property, Plant and Equipment              | 694,399        | 761,031        |
| <b>Total Property Plant and Equipment Assets</b> | <b>822,241</b> | <b>887,497</b> |

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

| Asset Class                  | Indicative Asset Life |
|------------------------------|-----------------------|
| Council Dwellings            | 100 years             |
| Other Land and Buildings     | 3-125 years           |
| Vehicles Plant and Equipment | 2-18 years            |
| Infrastructure               | 40 years              |
| Intangible Assets            | 5 years               |

### Capital Commitments

At 31 March 2023, the Authority has entered into a number of contracts for the construction, or enhancement of property, plant and equipment which will continue into 2023/24 and future years. Similar commitments at the 31<sup>st</sup> March 2022 were £30.909M. The major commitments are listed below.

| <b>Scheme</b>                        | <b>£'000</b>  |
|--------------------------------------|---------------|
| Sustainable Communities for Learning | 7,114         |
| Housing Schemes                      | 15,362        |
| Highways and Transport Schemes       | 1,715         |
| Other Education Schemes              | 163           |
| Vehicles                             | 2,900         |
| Place Schemes                        | 618           |
| Coastal Schemes                      | 332           |
| Other Schemes                        | 216           |
| <b>Total</b>                         | <b>28,420</b> |

### Revaluations

The Council Dwellings and Other Land and Buildings etc. are revalued on a rolling 5 year programme by a MRICS external valuer.



| <b>Asset Class</b>                    | <b>Most Recent Valuation</b>        | <b>Valuation Completed By</b> | <b>Next Valuation Due</b> |
|---------------------------------------|-------------------------------------|-------------------------------|---------------------------|
| Surplus Assets<br>(Reviewed annually) | 2022/23                             | FRICS valuer<br>Avison Young  | 2023/24                   |
| Council Dwellings                     | 2022/23                             | Savills                       | 2027/28                   |
| Schools and Social Service Assets     | 2021/22 DRC assets revalued 2022/23 | FRICS valuer<br>Avison Young  | 2023/24                   |
| Other Land and Buildings              | 2021/22 DRC assets revalued 2022/23 | FRICS valuer<br>Avison Young  | 2024/25                   |

The Housing Revenue Account Council Dwelling assets have been revalued following a review of the Beacons used for the asset base. This valuation has been carried out by a RICS qualified valuer from Savills using a Beacon approach. The valuation incorporates the 772 garages included in the Housing Revenue Account which are shown against Land and Buildings, they also include the new build development at Hayes Wood Lane and Court Road Phase 2.

In addition due to the materiality uncertainty that continued to be applied to the other services Land and Building assets and in response to concerns expressed in the context of rising construction costs by Audit Wales a desktop valuation was performed by a RICS qualified valuer from Avison Young during 2022/23 for assets valued on a Depreciated Replacement Cost. The impact of rising construction costs was considered to be particularly significant for assets which are typically valued on a depreciated replacement cost (DRC) basis which reflect the cost of construction for a similar asset.

A number of new build schemes were completed during 2022/23 and these assets were also revalued upon transfer from the Asset Under Construction Account by a RICS valuer from Avison Young.

Therefore a significant proportion of the Council's asset base has been subject to revaluation during the 2022/23 financial year. Whereas land asset values have typically remained unchanged the majority of building assets particularly those valued on a DRC basis have increased in value. The valuations are set out in Note 15 to the accounts Property Plant and Equipment.

### Impairment

The Council asked key staff to identify any assets that need to be reviewed for impairment, and no assets were identified as part of this process.

When general fund capital expenditure is complete, a review is carried out by a RICS valuer working for Avison Young for all expenditure in excess of £250k to determine how much of this expenditure results in either an increase in asset value or an impairment. As most assets were subject to revaluation as at 31<sup>st</sup> March 2023 there are minimal impairments.

### Retentions

As at the 31 March 2023 £1.851m (£1.936m as at 31 March 2022) has been deducted from payments to contractors to protect the Authority from situations such as the contractor going bankrupt during the defects liability period. Normally a proportion of the retention is paid on practical completion; the balance following the defects liability period stipulated in the contract, subject to any defects being made good.

### Heritage Assets

The Authority has reviewed its assets and given consideration to the presentation of those assets that would have a heritage connection. The Council considers that it does not hold any material distinct assets that could be classed as heritage assets. In addition the Authority holds a number of items that can be grouped under the heading 'civic regalia'; which are used on ceremonial occasions during the Council's year. There is no known value for 'civic regalia' as at 31 March 2022 (although it is unlikely to be significant). It was felt that any external valuation costs of 'civic regalia' would not be cost effective compared to the benefits to the users of the Authority's financial statement. Taking account of this 'civic regalia' has not been recognised as a Heritage Asset in the Balance Sheet.

## 16. Fair Value Hierarchy – Surplus Assets

| Fair Value Measurements Surplus Assets | Quoted prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|--|--|---|---|-------|
|  | £'000  | £'000   | £'000                                     | £'000 |
| Total 31st March 2022                  | 0  | 3,200   | 0   | 3,200 |
| Total 31st March 2023                  | 0  | 3200  | 0   | 3,200 |

### Transfers between levels of the Fair Value Hierarchy

There were no movements in the valuation hierarchy during 2022/23.

### Valuation Techniques used to Determine Level 2 and 3 Fair Values

The Valuation of Surplus Assets was carried out by a RICS qualified external valuer, Avison Young. The Valuation techniques considered comparable resale and new build properties in the area. The Valuer considered Leisure/Retail, Commercial and Residential possibilities in addition to planning considerations.

## 17. Assets Held for Sale

There were no Assets Held for Sale in 2021/22 or 2022/23.

## 18. Capital Expenditure and Capital Financing

|   | 2021/22        | 2022/23        |
|---|----------------|----------------|
|   | £'000          | £'000          |
| <b>Opening Capital Financing Requirement</b>  | <b>198,763</b> | <b>197,674</b> |
| <b>Plus: Capital Investment</b>   |                |                |
| Council Dwellings   | 3,503          | 5,742          |
| Other Land and Buildings  | 32,264         | 18,973         |
| Vehicle, Plant and Equipment  | 4,497          | 5,649          |
| Infrastructure  | 8,606          | 8,352          |
| Assets Under Construction   | 9,908          | 35,250         |
| Disposal and Demolition Costs   | 0              | 23             |
| Community Assets  | 0              | 0              |
| Intangible Assets   | 218            | 61             |
| Revenue Expenditure Funded from Capital under Statute                                     | 7,415          | 6,741          |
|   |                |                |
| <b>Less: Sources of Finance</b>   |                |                |
| Capital Receipts  | (1,796)        | (4,554)        |
| Government Grants and Other Contributions   | (55,920)       | (49,502)       |
| <b>Less: Sums set aside from revenue</b>  |                |                |
| Direct Revenue Contributions  | (4,564)        | (23,284)       |
| Minimum Revenue Provision( inc. Voluntary)  | (5,220)        | (5,503)        |
| <b>Closing Capital Financing Requirement</b>  | <b>197,674</b> | <b>195,622</b> |
| <b>Explanation of movements in year</b>   |                |                |
| Decrease in underlying need to borrow<br>(unsupported by Government Financial Assistance) | (1,088)        | (2,052)        |
| <b>Increase /(Decrease) in Capital Financing Requirement</b>                              | <b>(1,088)</b> | <b>(2,052)</b> |

The above excludes Capital Adjustments for the consolidated share of the City Deal Joint Committee, Revenue Expenditure Funded from Capital under Statute (£1.355m) and Capital Grants (£2.392m).

## 19. Financial Instruments

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

|  | Long Term      |                | Short Term     |                |
|--|----------------|----------------|----------------|----------------|
|  | 31/03/22       | 31/03/23       | 31/03/22       | 31/03/23       |
|  | £'000          | £'000          | £'000          | £'000          |
| <b>Financial Assets at Amortised Cost</b>      |                |                |                |                |
| Investments                                    | 2              | 2              | 82,462         | 83,729         |
| Debtors  | 2,880          | 5,941          | 67,827         | 52,244         |
| Cash and Cash Equivalents                      | 0              | 0              | 20,980         | 19,552         |
| <b>Total Financial Assets</b>                  | <b>2,882</b>   | <b>5,943</b>   | <b>171,269</b> | <b>155,525</b> |
| <b>Financial Liabilities at Amortised cost</b> |                |                |                |                |
| Borrowings                                     | 145,492        | 138,144        | 9,163          | 11,267         |
| Creditors                                      | 8,720          | 10,013         | 49,155         | 57,526         |
| <b>Total Financial Liabilities</b>             | <b>154,212</b> | <b>148,157</b> | <b>58,318</b>  | <b>68,793</b>  |

- The above short term debtors balance at 31<sup>st</sup> March 2023 excludes £9.858m of non contractual balances (£9.140M in 2021/22) that do not meet the definition of financial assets at amortised cost.
- The above short term creditors balance at 31<sup>st</sup> March 2023 excludes £1.226m of non contractual balances (£1.208M in 2021/22) that do not meet the definition of financial liabilities at amortised cost.

| <b>Financial Liabilities at Amortised Cost (Borrowing) Reconciliation</b> | <b>PWLB</b>    | <b>Market Loans</b> | <b>Other</b> | <b>Total</b>   |
|---|----------------|---------------------|--------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>        | <b>£'000</b> | <b>£'000</b>   |
| Principal Amount  | 141,809        | 4,000               | 2,674        | 148,483        |
| Accruals  | 1,079          | 18                  | 0            | 1,097          |
| Other Accounting Adjustments  | 0              | 105                 | -274         | -169           |
| <b>Total Borrowing measured at Amortised Cost</b>                         | <b>142,888</b> | <b>4,123</b>        | <b>2,400</b> | <b>149,411</b> |
| Short Term Borrowing  | 10,812         | 18                  | 437          | 11,267         |
| Long Term Borrowing   | 132,076        | 4,105               | 1,963        | 138,144        |
| <b>Financial Liabilities at Amortised Cost</b>                            | <b>142,888</b> | <b>4,123</b>        | <b>2,400</b> | <b>149,411</b> |

## Income, Expense, Gains and Losses

| 2021/22        |  | 2022/23  |                                  |  |                |
|----------------|--|--|----------------------------------|--|----------------|
| Total          |  | Financial Liabilities measured at Amortised cost | Financial Assets: Amortised Cost | Financial Assets: Fair Value through Profit and Loss | Total          |
|                |  | £'000  | £'000                            | £'000  | £'000          |
| (6,916)        | Interest Expense   | (6,768)  | 0                                | 0  | (6,768)        |
| <b>(6,916)</b> | <b>Total Expense in Deficit on the Provision of Services</b> | <b>(6,768)</b>                                   | <b>0</b>                         | <b>0</b>   | <b>(6,768)</b> |
| 146            | Interest Income  | 1,703  | 0                                | 0  | 1,703          |
| <b>146</b>     | <b>Total Income in Deficit on the Provision of Services</b>  | <b>1,703</b>                                     | <b>0</b>                         | <b>0</b>   | <b>1,703</b>   |
| <b>(6,770)</b> | <b>Net gains/losses from financial instruments</b>           | <b>(5,065)</b>                                   | <b>0</b>                         | <b>0</b>   | <b>(5,065)</b> |

### Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost.

The fair value for financial liabilities and financial assets that are not measured at 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 interest rates at 31 March 2023 are the PWLB / market set of rates in force on that date;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value;
- The fair value of trade and other receivables is taken to be invoiced or billed amount.

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value. The fair values calculated are as follows:

|                       | Loan Principal 31 March 2022 | Carrying Amount 31 March 2022 | Fair Value 31 March 2022 | Loan Principal 31 March 2023 | Carrying Amount 31 March 2023 | Fair Value 31 March 2023 |
|-----------------------|------------------------------|-------------------------------|--------------------------|------------------------------|-------------------------------|--------------------------|
|                       | £'000                        | £'000                         | £'000                    | £'000                        | £'000                         | £'000                    |
| Financial Liabilities | 153,347                      | 154,655                       | 184,684                  | 148,483                      | 149,411                       | 146,217                  |

The fair values as at 31 March 2022 and 2023 do not include Joint Committee Liabilities.

The fair value is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loans.

#### Fair Value Hierarchy for Financial Instruments that are not measured at Fair Value

| Recurring Fair Value Measurements using; | Quoted prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total          |
|--|--|---|---|----------------|
|  | £'000  | £'000   | £'000                                     | £'000          |
| As at 31 <sup>st</sup> March 2022        |  |   |   |                |
| Financial Liabilities                    | 0  | 184,684                                       | 0   | 184,684        |
| Loans and Borrowings                     | 0  | 0   | 0   | 0              |
| Long Term Creditors                      | 0  | 0   | 0   | 0              |
| <b>Total</b>                             | <b>0</b>   | <b>184,684</b>                                | <b>0</b>                                  | <b>184,684</b> |
| Recurring Fair Value Measurements using; | Quoted prices in active markets for identical assets (Level 1) | Other significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total          |
|  | £'000  | £'000   | £'000                                     | £'000          |
| As at 31 <sup>st</sup> March 2023        |  |   |   |                |
| Financial Liabilities                    | 0  | 146,217                                       | 0   | 146,217        |
| Loans and Borrowings                     | 0  | 0   | 0   | 0              |
| Long Term Creditors                      | 0  | 0   | 0   | 0              |
| <b>Total</b>                             | <b>0</b>   | <b>146,217</b>                                | <b>0</b>                                  | <b>146,217</b> |

#### Valuation Techniques used to Determine Level 2 and 3 Fair Values

Level 2 valuations for Market Loans including LOBOs have been calculated by Link Asset Management Limited and incorporate PWLB rates and discussions with possible new market participants for Local Authority borrowing. The Level 2

valuations for PWLB have also been calculated by Link Asset Management Limited utilising data available on the Debt Management Office website.

## 20. Debtors

|                           | 31 March 2022<br>Restated | 31 March 2023 |
|---------------------------|---------------------------|---------------|
|                           | £'000                     | £'000         |
| Central government bodies | 50,079                    | 33,231        |
| Other local authorities   | 9,613                     | 14,022        |
| NHS bodies                | 2,811                     | 2,249         |
| Council Tax Payers        | 3,671                     | 9,543         |
| General                   | 18,484                    | 11,952        |
| Provision for Bad Debts   | (7,691)                   | (8,895)       |
| <b>Gross Total</b>        | <b>76,967</b>             | <b>62,102</b> |

## 21. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

| 31/03/2022    |  | 31/03/2023    |
|---------------|--|---------------|
| £'000         |  | £'000         |
| 3,777         | Cash held by the Authority and at Bank | 4,103         |
| 5,783         | Joint Committee Cash                   | 4,429         |
| 11,420        | Short-term Investment                  | 11,020        |
| <b>20,980</b> | <b>Total Cash and Cash Equivalents</b> | <b>19,552</b> |

## 22. Creditors

| 31/3/2022<br>Restated |                            | 31/3/2023     |
|-----------------------|----------------------------|---------------|
| £'000                 |                            | £'000         |
| 11,338                | Central government bodies  | 6,534         |
| 13,052                | Other local authorities    | 10,273        |
| 285                   | NHS bodies                 | 377           |
| 17,637                | General                    | 35,272        |
| 1,208                 | Prepayments of Council Tax | 1,225         |
| 3,190                 | Receipts in advance        | 622           |
| 3,653                 | Accumulated absences       | 4,629         |
| <b>50,363</b>         | <b>Total</b>               | <b>58,752</b> |

## 23. Provisions

|                                | Insurance<br>£'000 | MMI<br>£'000 | Other<br>£'000 | Total<br>£'000 |
|--------------------------------|--------------------|--------------|----------------|----------------|
| <b>Balance at 1 April 2021</b> | <b>1,400</b>       | <b>329</b>   | <b>324</b>     | <b>2,053</b>   |
| Additional provisions made     | 2                  | 39           | 33             | 74             |
| Amounts used / Transfer out    | 0                  | 0            | (19)           | (19)           |
| <b>Balance at 1 April 2022</b> | <b>1,402</b>       | <b>368</b>   | <b>338</b>     | <b>2,108</b>   |
| Additional provisions made     | 24                 | 0            | 25             | 49             |
| Amounts used / Transfer out    | 0                  | 0            | 0              | 0              |
| <b>Balance at 1 April 2023</b> | <b>1,426</b>       | <b>368</b>   | <b>363</b>     | <b>2,157</b>   |

The closing provision balance of £2.157M is made up of £0.497M considered to be long term and £1.660M expected to fall due within 12 months.

1. Insurance - This provision covers all known claims as at 31 March 2023. These include provisions for public and employers liability, motor vehicle, buildings plus a number of risks insured internally, which cannot be covered economically by conventional external insurance. The excesses for 2022/23 are £75,000 for all property claims, £25k on fidelity guarantee covering internal and external fraud, £1k on computers and £175k on all other claim types.
2. MMI - The Scheme administrators may well require the Authority to contribute a further levy. A total of £368k has been set aside to meet this potential liability. Further information is included within note 39 - Contingent Liability.
3. Other - Included within this figure is a sum of £128k for Housing Committed Bonds and £209k in respect of the Vale of Glamorgan Council's share of the City Deal accounts.

## 24. Other Long Term Liabilities

An analysis of Other Liabilities that will not be settled for 12 months is given in the following table:

| 31/03/22     |  | 31/03/23      |
|--------------|--|---------------|
| £'000        |  | £'000         |
| 2,155        | City Deal Joint Committee  | 3,712         |
| 1,623        | Welsh Government Home Improvement Loans                                      | 1,619         |
| 1,346        | Welsh Government Town Centre Improvement Loans                               | 1,346         |
| 3,596        | Long Term Receipts in Advance including commuted sums and S278 contributions | 3,336         |
| <b>8,720</b> | <b>Total</b>   | <b>10,013</b> |

Section 278 contributions relate to agreements between Developers and LA's to make permanent alterations or improvements to the highway in line with a planning decision.



## 25. Usable Reserves

| 31/03/22       |                                  | 31/03/23       |
|----------------|----------------------------------|----------------|
| £'000          |                                  | £'000          |
| 12,510         | Council Fund                     | 11,523         |
| 98,257         | Earmarked General Fund Reserves  | 84,865         |
| 17,439         | Housing Revenue Account          | 16,486         |
| 11,844         | Capital Receipts Reserve         | 10,634         |
| 4,551          | Capital Grants Unapplied Account | 7,429          |
| <b>144,601</b> | <b>Total Usable Reserves</b>     | <b>130,937</b> |

An analysis of the Earmarked General Fund Reserves are shown in note 11.

## 26. Unusable Reserves

| 31/03/22       |  | 31/03/23       |
|----------------|--|----------------|
| £'000          |  | £'000          |
| 116,370        | Revaluation Reserve                      | 137,305        |
| 511,993        | Capital Adjustment Account               | 559,180        |
| (107)          | Financial Instruments Adjustment Account | (173)          |
| 861            | Deferred Capital Receipts Reserve        | 11             |
| (276,615)      | Pensions Reserve                         | (64,630)       |
| (3,653)        | Accumulated Absences Account             | (4,627)        |
| <b>348,849</b> | <b>Total Unusable Reserves</b>           | <b>627,066</b> |

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from its Property, Plant and Equipment and Intangible Assets.

| 2021/22        | Revaluation Reserve   | 2022/23        |
|----------------|---|----------------|
| £'000          |   | £'000          |
| <b>72,916</b>  | <b>Balance at 1 April</b>   | <b>116,370</b> |
| (3,121)        | Downward revaluation of assets and Impairment losses not charged to the Provision of Services | (2,909)        |
| 47,444         | Upward revaluation of assets  | 26,034         |
| (823)          | Difference between fair value depreciation and historical cost depreciation                   | (1,729)        |
| (47)           | Amount written off to the Capital Adjustment Account following disposal                       | (461)          |
| <b>116,370</b> | <b>Balance at 31 March</b>  | <b>137,305</b> |

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.

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

| <b>Restated<br/>2021/22</b> | <b>Capital Adjustment Account</b>  | <b>2022/23</b> |
|-----------------------------|--|----------------|
| <b>£'000</b>                |  | <b>£'000</b>   |
| <b>473,360</b>              | <b>Balance at 1 April</b>  | <b>511,993</b> |
|                             | <b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>                       |                |
| (14,889)                    | Charges for depreciation and impairment of non current assets  | (17,477)       |
| (78)                        | Amortisation of intangible assets  | (81)           |
| (7,415)                     | Revenue expenditure funded from capital under statute  | (8,096)        |
| (11,176)                    | Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (6,832)        |
| 4,270                       | Other (Adjusting amounts written out of the Revaluation Reserve etc.)  | (5,575)        |
|                             | <b>Capital financing applied in year:</b>  |                |
| 1,795                       | Use of the Capital Receipts Reserve to finance new capital expenditure   | 4,554          |
| 2,770                       | Use of the Major Repairs Reserve to finance new capital expenditure  | 2,773          |
| 55,029                      | Capital grants and contributions credited to the CIES that have been applied to capital financing              | 49,121         |
| (1,457)                     | Application of grants to capital financing from the Government Grants Unapplied Account                        | 0              |
| 5,220                       | Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances  | 5,503          |
| 4,564                       | Capital Expenditure charged against the Council Fund and HRA balances  | 23,297         |
| <b>511,993</b>              | <b>Balance at 31 March</b>   | <b>559,180</b> |

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to

certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

| 2021/22 | Financial Instruments Account   | 2022/23 |
|---------|---|---------|
| £'000   |   | £'000   |
| (109)   | <b>Balance at 1 April</b>   | (107)   |
| 2       | Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | (66)    |
| (107)   | <b>Balance at 31 March</b>  | (173)   |

### 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.

| 2021/22   | The Pensions Reserve   | 2022/23   |
|-----------|--|-----------|
| £'000     |  | £'000     |
| (332,244) | <b>Balance at 1 April</b>  | (276,615) |
| 80,185    | Remeasurements of the net defined benefit liability  | 237,308   |
| 0         | Adjustment against the net defined benefit liability for the McCloud Ruling  | 0         |
| (40,418)  | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | (43,084)  |
| 15,862    | Employer's pension contributions and direct payments to pensioners payable in the year   | 17,761    |
| (276,615) | <b>Balance at 31 March</b>   | (64,630)  |

An analysis of the Pension Reserve by pension fund is set out below. An analysis of the actuarial calculation of the Vale of Glamorgan Council Pension fund at 31<sup>st</sup> March 2023 is included in note 38 to the accounts.

| 2021/22   | The Pensions Reserve                       | 2022/23  |
|-----------|--|----------|
| £'000     |  | £'000    |
| (268,100) | Vale of Glamorgan Council                  | (64,159) |
| (3,160)   | Foundation School                          | (550)    |
| (4,948)   | Joint Committee Shared Regulatory Services | (709)    |

|                  |   |                 |
|------------------|---|-----------------|
| (532)            | Joint Committee Vale, Valleys and Cardiff Regional Adoption Service | (81)            |
| 125              | Joint Committee Central South Consortium                            | 869             |
| <b>(276,615)</b> | <b>Balance at 31 March</b>  | <b>(64,630)</b> |

#### 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.

| 2021/22    | Deferred Capital Receipts Reserve    | 2022/23    |
|------------|--------------------------------------|------------|
| £'000      |                                      | £'000      |
| 11         | <b>Balance at 1 April</b>            | <b>861</b> |
| 850        | Transfer of Deferred Capital Receipt | (850)      |
| <b>861</b> | <b>Balance at 31 March</b>           | <b>11</b>  |

#### Accumulated Absences Account

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

| 2021/22        | Accumulated Absences Account  | 2022/23        |
|----------------|---|----------------|
| £'000          |   | £'000          |
| <b>(3,652)</b> | <b>Balance at 1 April</b>   | <b>(3,652)</b> |
| (3,652)        | Amounts accrued at the end of the current year  | (4,627)        |
| 3,652          | Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements. | 3,652          |
| <b>(3,652)</b> | <b>Balance at 31 March</b>  | <b>(4,627)</b> |

## 27. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2021/22 |                    | 2022/23 |
|---------|--------------------|---------|
| £'000   |                    | £'000   |
| 319     | Interest Received  | 1,661   |
| (6,875) | Interest Paid      | (6,531) |
| 0       | Dividends Received | 304     |

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

| 2021/22       |   | 2022/23       |
|---------------|---|---------------|
| £'000         |   | £'000         |
| 11,481        | Depreciation and Impairment and Downward Valuations   | 25,241        |
| 78            | Amortisation  | 81            |
| 0             | Soft Loans (non-subsiary)   | 0             |
| 850           | Deferred revenue Capital Receipt  | 0             |
| 12,670        | Increase / (Decrease) in creditors  | 9,818         |
| (18,623)      | (Increase) / Decrease in debtors  | (119)         |
| 298           | (Increase) / Decrease in inventories  | (112)         |
| 24,556        | Movement in pension liability   | 25,324        |
| 0             | Other non-cash items charged to the net surplus or deficit on the provision of services           | (1,057)       |
| 11,176        | Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised | 6,832         |
| <b>42,486</b> | <b>Adjustments to net surplus or deficit on the provision of services for non-cash movements.</b> | <b>66,008</b> |

## 28. Members Allowances

The Authority paid the following amounts to members of the Council during the year.

This includes payments to Co-opted Members.

|              | 2021/22    | 2022/23      |
|--------------|------------|--------------|
|              | £'000      | £'000        |
| Salaries     | 687        | 892          |
| Allowances   | 220        | 250          |
| Expenses     | 0          | 1            |
| <b>Total</b> | <b>907</b> | <b>1,143</b> |

## 29. External Audit Costs

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

|  | 2021/22    | 2022/23    |
|--|------------|------------|
|  | £'000      | £'000      |
| Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor. | 171        | 197        |
| Fees payable to Audit Wales in respect of performance audit  | 101        | 106        |
| Fees payable to Audit Wales for the certification of grant claims and returns                            | 45         | 60         |
| <b>Total</b>   | <b>317</b> | <b>363</b> |

## 30. Employees Emoluments

### Remuneration Ratio

The remuneration ratio is arrived at by taking the median amount of remuneration for 2022/23 for all Vale of Glamorgan employees (excluding those employed by a Voluntary Aided or Foundation School) as at 31<sup>st</sup> March 2023. This Median remuneration is then compared to the annualised remuneration for the Head of Paid Service in the Council which is the Chief Executive. In 2022/23 the remuneration ratio is 1:5 and in 2021/22 the remuneration ratio was 1:6.

### Officers remunerated in excess of £60,000

The Returning Officer's remuneration is not included in the table below (£23,979 in 2021/22 and £0 in 2022/23) including pension contributions) and has been paid in accordance with the WG Guidance on remuneration

Senior Officers whose remuneration is included in the senior officers emoluments disclosure are also included in the bandings table. Staff employed by a voluntary aided or Roman Catholic aided schools are excluded from the remuneration bandings calculation.

The number of employees whose remuneration excluding employer's pension contributions was £60,000 or more in bands of £5,000 are shown in the following table:

| Remuneration Band | 2021/22<br>Number of<br>Teaching<br>Employees | 2021/22<br>Number of<br>Non<br>Teaching<br>Employees | 2021/22<br>Total<br>Number of<br>Employees | 2022/23<br>Number of<br>Teaching<br>Employees | 2022/23<br>Number of<br>Non<br>Teaching<br>Employees | 2022/23<br>Total<br>Number of<br>Employees |
|-------------------|---|--|--|---|--|--|
| £60,000-£64,999   | 27  | 8  | 35   | 24  | 22   | 46   |
| £65,000-£69,999   | 16  | 2  | 18   | 23  | 2  | 25   |
| £70,000-£74,999   | 12  | 1  | 13   | 13  | 0  | 13   |
| £75,000-£79,999   | 10  | 1  | 11   | 13  | 2  | 15   |
| £80,000-£84,999   | 2   | 7  | 9  | 6   | 6  | 12   |
| £85,000-£89,999   | 4   | 1  | 5  | 3   | 2  | 5  |
| £90,000-£94,999   | 0   | 3  | 3  | 2   | 2  | 4  |
| £95,000-£99,999   | 1   | 0  | 1  | 0   | 2  | 2  |
| £100,000-£104,999 | 0   | 0  | 0  | 3   | 0  | 3  |
| £105,000-£109,999 | 0   | 3  | 3  | 0   | 3  | 3  |
| £110,000-£114,999 | 0   | 0  | 0  | 0   | 0  | 0  |
| £115,000-£119,999 | 1   | 0  | 1  | 0   | 0  | 0  |
| £120,000-£124,999 | 1   | 0  | 1  | 2   | 0  | 2  |
| £125,000-£129,999 | 1   | 0  | 1  | 0   | 0  | 0  |
| £130,000-£134,999 | 0   | 0  | 0  | 0   | 0  | 0  |
| £135,000-£139,999 | 0   | 0  | 0  | 2   | 0  | 2  |
| £140,000-£144,999 | 1   | 1  | 2  | 0   | 1  | 1  |
| £145,000-£149,999 | 0   | 0  | 0  | 1   | 0  | 1  |
| <b>Total</b>      | <b>76</b>                                     | <b>27</b>  | <b>103</b>                                 | <b>92</b>                                     | <b>42</b>  | <b>134</b>                                 |

The number of employees above excludes Teaching positions employed by their Governing Body. The remuneration bands include expenses chargeable to United Kingdom income tax.

#### 2021/22 Senior Officers Emoluments

| Post Holder Information   | Salary  | Expense Allowances | Pension Contribution | Total Remuneration |
|---|---------|--------------------|----------------------|--------------------|
|   | £       | £                  | £                    | £                  |
| Managing Director (to 24 <sup>th</sup> January 2022) / Chief Executive (from 25 <sup>th</sup> January 2022) | 140,721 | 0                  | 29,833               | 170,544            |
| Director of Social Services   | 107,101 | 0                  | 22,894               | 129,995            |
| Director of Environment and Housing Services  | 107,257 | 0                  | 22,738               | 129,995            |
| Director of Learning and Skills   | 107,257 | 0                  | 22,738               | 129,995            |
| Head of Finance (to 5 <sup>th</sup> December 2021)  | 70,726  | 0                  | 13,267               | 83,993             |

|   |        |   |        |         |
|---|--------|---|--------|---------|
| Interim Head of Finance from (6th December 2021 to 31st March 2022) | 31,035 | 0 | 5,993  | 37,028  |
| Head of Legal Services (Monitoring Officer)                         | 92,018 | 0 | 19,508 | 111,526 |
| Head of Human Resources   | 81,325 | 0 | 17,050 | 98,375  |
| Head of Regeneration and Planning                                   | 81,325 | 0 | 17,241 | 98,566  |
| Head of Policy and Business Transformation                          | 77,261 | 0 | 16,379 | 93,640  |
| Head of Digital / Strategy, Community Learning and Resources        | 91,971 | 0 | 19,498 | 111,469 |

#### 2022/23 Senior Officers Emoluments

| Post Holder Information  | Salary  | Expense Allowances | Pension Contribution | Total Remuneration |
|--|---------|--------------------|----------------------|--------------------|
|  | £       | £                  | £                    | £                  |
| Chief Executive  | 142,646 | 0                  | 30,241               | 172,887            |
| Director of Social Services  | 109,182 | 0                  | 23,147               | 132,329            |
| Director of Environment and Housing Services   | 109,182 | 0                  | 23,147               | 132,329            |
| Director of Learning and Skills  | 109,182 | 0                  | 23,147               | 132,329            |
| Head of Finance (Started 4/04/2022)  | 89,320  | 0                  | 18,936               | 108,256            |
| Head of Legal Services (Monitoring Officer)  | 94,135  | 0                  | 19,957               | 114,092            |
| Head of Human Resources  | 83,553  | 0                  | 17,649               | 101,202            |
| Head of Regeneration and Planning to 24/04/2022 then Director of Place   | 97,443  | 0                  | 20,658               | 118,101            |
| Head of Policy and Business Transformation to 24/04/2022 then Director of Resources  | 97,172  | 0                  | 20,601               | 117,773            |
| Head of Digital / Strategy, Community Learning and Resources to 31/05/2022 then Head of Strategy, Community Learning and Resources | 85,064  | 0                  | 18,034               | 103,098            |



The Pension Contribution shown above includes the deficit recovery element of the contributions made to Cardiff and Vale Pension Fund which was 2.4% in 2021/22 and 2022/23.

### Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the tables below.

Teachers are included even where appointed by the Governing body, as the liability for redundancy costs is with the Authority rather than the school.

| 2021/22                           |  |  |   | 2022/23                           |  |  |
|-----------------------------------|--|--|---|-----------------------------------|--|--|
| Number of other departures agreed | Total number of exit packages by cost band | Total cost of exit packages in each band | Exit Package cost band (including special payments) | Number of other departures agreed | Total number of exit packages by cost band | Total cost of exit packages in each band |
|                                   |  | £  | £   |                                   |  | £  |
| 7                                 | 7  | 18,598                                   | 0-20,000  | 4                                 | 4  | 33,905                                   |
| 2                                 | 2  | 59,738                                   | 20,001-40,000                                       | 2                                 | 2  | 61,661                                   |
| 1                                 | 1  | 59,686                                   | 40,001-60,000                                       | 0                                 | 0  | 0  |
| 0                                 | 0  | 0  | 60,001-80,000                                       | 0                                 | 0  | 0  |
| 0                                 | 0  | 0  | 80,001-100,000                                      | 0                                 | 0  | 0  |
| 1                                 | 1  | 121,699                                  | 100,001-150,000                                     | 1                                 | 1  | 120,179                                  |
| 11                                | 11   | 259,721                                  | Total   | 7                                 | 7  | 215,745                                  |

### 31. Grant Income

The Authority credited the following grants, contributions and donations to services.

|   | 2021/22 | 2022/23 |
|---|---------|---------|
|   | £'000   | £'000   |
| Credited to Services                                |         |         |
| Arts Council  | 15      | 9       |
| Cabinet Office                                      | 441     | (22)    |
| Home Office   | 10      | 353     |
| Department for Works and Pensions                   | 29,969  | 27,327  |
| Education Workforce Council                         | 110     | 196     |
| European Rural Development Programme                | 195     | 47      |
| HMRC  | 0       | 0       |
| Department for Levelling Up Housing and Communities | 484     | 627     |
| Lottery   | 46      | 1       |
| Ministry of Defence                                 | 3       | 0       |
| Natural Resources Wales                             | 0       | 5       |

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| Police & Crime Commissioner          | 105            | 67            |
| Public Health Wales                  | 129            | 133           |
| Rural Payments Agency                | 139            | 139           |
| Sports Wales/Disability Sports Wales | 310            | 265           |
| Welsh Government                     | 75,460         | 49,702        |
| Welsh Local Government Association   | 484            | 500           |
| Youth Justice Board                  | 172            | 191           |
| Other                                | 31             | 259           |
| <b>Total</b>                         | <b>108,103</b> | <b>79,799</b> |

### Capital Grants Received in Advance

|   | <b>2021/22</b> | <b>2022/23</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Section 106 agreements – unapplied              | 19,439         | 19,412         |
| Other Capital Grants Received in Advance        | 3,507          | 3,293          |
| S106 Administration Fees                        | 352            | 353            |
| <b>Total Capital Grants Received in Advance</b> | <b>23,298</b>  | <b>23,058</b>  |
| The amount has been apportioned as follows:     |                |                |
| To be applied within one year                   | 13,410         | 13,290         |
| To be applied after one year                    | 9,888          | 9,768          |
| <b>Total</b>                                    | <b>23,298</b>  | <b>23,058</b>  |

In addition to the grants detailed in the table above the Council also distributed £13.119 million on behalf of (and funded by) Welsh Government for Cost of Living and Covid support initiatives - the most significant initiative including the £150 cost of living support payment to eligible households £4.919m, £200 Winter Fuel payments £2.545m and Social Care Worker payments £1,498 totalling £5.309m . In relation to these items, as the Council was acting on behalf of the Welsh Government as its agent, these transactions are not reflected in the CIES.

### 32. Agency Funds and Other Funds Administered by the Council

Welsh Government (WG) has provided funding to the Council to provide recyclable loans for housing and town centre regeneration. For the Home Improvement scheme, funding has been received both in the form of a grant and as a repayable loan. The loan element of the Home Improvement Loan scheme is repayable to WG during 2029/30 with £153k of the Town Centre Improvement Loan being repayable to WG by 31<sup>st</sup> March 2030 and a further £893k being repayable by 31<sup>st</sup> March 2031. An analysis of the funding sources is shown in the table below along with a breakdown of the repayment profile for loans that have been issued by the Council.

| As at 31 <sup>st</sup> March 2023                                  | Home Improvement Loans | Town Centre Improvement Loan |
|--|------------------------|------------------------------|
| <b>Funding Source for Loan Scheme</b>                              | £'000                  | £'000                        |
| Grant  | 752                    | 0                            |
| Loan   | 868                    | 1,346                        |
| <b>Total Funding (included in Long Term Liabilities)</b>           | <b>1,620</b>           | <b>1,346</b>                 |
| <b>Repayments Due to Council</b>                                   |                        |                              |
| Within 12 months   | 493                    | 0                            |
| Over 12 months   | 717                    | 1,000                        |
| <b>Total Value of Outstanding Repayments (included in Debtors)</b> | <b>1,210</b>           | <b>1,000</b>                 |

The Council maintains individual Safe Custody accounts for service users living in the community, who are unable to deal with their financial affairs due to their mental incapacity. The Chief Officer Social Care is the appointee with the Department for Work & Pensions for each of the service users. The balance of monies held by the Council at 31 March 2023 was £458k.

### 33. Joint Committees

The Council is a member of a number of Joint Committees and the unaudited accounts have been consolidated into the Council's Financial Statements on a line by line basis calculated using a reasonable apportionment methodology e.g. population, Education Indicator Based Assessment Share. The Joint Committees consolidated are;

#### 1. Shared Regulatory Service

The Shared Regulatory Service was created on 1st May 2015 to provide a range of regulatory services across Cardiff, Bridgend and the Vale of Glamorgan. The Council is the host authority for the service.

| Shared Regulatory Service 2021/22 | Vale of Glamorgan Council Share 2021/22 | Income and Expenditure Statement                    | Shared Regulatory Service 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|-----------------------------------|---|---|-----------------------------------|---|
| £'000                             | £'000                                   |   | £'000                             | £'000                                   |
| 12,243                            | 2,536                                   | Operating Expenditure                               | 11,614                            | 2,423                                   |
| (1,552)                           | (323)                                   | Operating Income                                    | (1,176)                           | (247)                                   |
| <b>10,691</b>                     | <b>2,213</b>                            | <b>Net Cost of Services</b>                         | <b>10,438</b>                     | <b>2,176</b>                            |
| (8,745)                           | (1,807)                                 | Finance and Investment Income and Expenditure       | (8,250)                           | (1,722)                                 |
| <b>1,946</b>                      | <b>406</b>                              | <b>(Surplus) / Deficit on Provision of Services</b> | <b>2,188</b>                      | <b>453</b>                              |

|                |              |   |                 |                |
|----------------|--------------|---|-----------------|----------------|
| (6,900)        | (1,202)      | Other Comprehensive Income and Expenditure          | (22,700)        | (4,663)        |
| <b>(4,954)</b> | <b>(796)</b> | <b>Total Comprehensive Income &amp; Expenditure</b> | <b>(20,512)</b> | <b>(4,210)</b> |

| Shared Regulatory Service 2021/22 | Vale of Glamorgan Council Share 2021/22 | Balance Sheet                      | Shared Regulatory Service 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|-----------------------------------|---|------------------------------------|-----------------------------------|---|
| £'000                             | £'000                                   |                                    | £'000                             | £'000                                   |
| 91                                | 18                                      | Property, Plant and Equipment      | 103                               | 21                                      |
| 0                                 | 0                                       | Intangible Assets                  | 0                                 | 0                                       |
| 0                                 | 0                                       | Long Term Debtors                  | 0                                 | 0                                       |
| <b>91</b>                         | <b>18</b>                               | <b>Total Long Term Assets</b>      | <b>103</b>                        | <b>21</b>                               |
| 1,560                             | 325                                     | Short Term Debtors                 | 1,676                             | 46                                      |
| 0                                 | 0                                       | Short Term Payment in Advance      | 0                                 | 0                                       |
| 413                               | 63                                      | Cash Owed from Host Authority      | 0                                 | 253                                     |
| <b>1,973</b>                      | <b>388</b>                              | <b>Current Assets</b>              | <b>1,676</b>                      | <b>299</b>                              |
| (690)                             | (125)                                   | Short Term Creditors               | (412)                             | (63)                                    |
| 0                                 | 0                                       | Cash Owed to Host Authority        | (102)                             | 0                                       |
| <b>(690)</b>                      | <b>(125)</b>                            | <b>Total Current Liabilities</b>   | <b>(514)</b>                      | <b>(63)</b>                             |
| (24,100)                          | (4,948)                                 | Long Term Pension Liability        | (3,450)                           | (708)                                   |
| (460)                             | (94)                                    | Revenue Grants Received in Advance | (490)                             | (101)                                   |
| <b>(24,560)</b>                   | <b>(5,042)</b>                          | <b>Total Long Term Liabilities</b> | <b>(3,940)</b>                    | <b>(809)</b>                            |
|                                   |   |                                    |                                   |   |
| <b>(23,186)</b>                   | <b>(4,761)</b>                          | <b>Net Assets</b>                  | <b>(2,675)</b>                    | <b>(552)</b>                            |
|                                   |   |                                    |                                   |   |
| 1,103                             | 225                                     | Usable Reserves                    | 785                               | 157                                     |
| (24,289)                          | (4,986)                                 | Unusable Reserves                  | (3,460)                           | (709)                                   |
|                                   |   |                                    |                                   |   |
| <b>(23,186)</b>                   | <b>(4,761)</b>                          | <b>Total Reserves</b>              | <b>(2,675)</b>                    | <b>(552)</b>                            |

## 2. Vale, Valleys & Cardiff (VVC) Adoption Collaborative Service

The VVC Adoption Services was created on 1<sup>st</sup> June 2015 to provide an adoption service across Cardiff, Rhondda Cynon Taf, Merthyr Tydfil and the Vale of Glamorgan. The Council is the host authority for the service.

| VVC Service 2021/22 | Vale of Glamorgan Council Share 2021/22 | Income and Expenditure Statement              | VVC Service 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|---------------------|---|---|---------------------|---|
| £'000               | £'000                                   |   | £'000               | £'000                                   |
| 2,668               | 403                                     | Operating Expenditure                         | 2,901               | 403                                     |
| (2,408)             | (363)                                   | Operating Income                              | (2,578)             | (431)                                   |
| <b>260</b>          | <b>40</b>                               | <b>Net Cost of Services</b>                   | <b>323</b>          | <b>(28)</b>                             |
| 90                  | 14                                      | Finance and Investment Income and Expenditure | 90                  | 14                                      |

|                              |   |   |                              |   |
|------------------------------|---|---|------------------------------|---|
| <b>350</b>                   | <b>54</b>                               | <b>(Surplus) / Deficit on Provision of Services</b> | <b>413</b>                   | <b>(14)</b>                             |
| (1,020)                      | (156)                                   | Other Comprehensive Income and Expenditure          | (3,350)                      | (519)                                   |
| <b>(670)</b>                 | <b>(102)</b>                            | <b>Total Comprehensive Income &amp; Expenditure</b> | <b>(2,937)</b>               | <b>(533)</b>                            |
| VVC Adoption Service 2021/22 | Vale of Glamorgan Council Share 2021/22 | Balance Sheet                                       | VVC Adoption Service 2022/23 | Vale of Glamorgan Council Share 2022/23 |
| £'000                        | £'000                                   |   | £'000                        | £'000                                   |
| 791                          | 119                                     | Short Term Debtors                                  | 808                          | 51                                      |
| <b>791</b>                   | <b>119</b>                              | <b>Current Assets</b>                               | <b>808</b>                   | <b>51</b>                               |
| (647)                        | (97)                                    | Short Term Creditors                                | (686)                        | (32)                                    |
| <b>(647)</b>                 | <b>(97)</b>                             | <b>Total Current Liabilities</b>                    | <b>(686)</b>                 | <b>(32)</b>                             |
| <b>(3,480)</b>               | <b>(532)</b>                            | <b>Long Term Pension Liability</b>                  | <b>(520)</b>                 | <b>(81)</b>                             |
|                              |   |   |                              |   |
| <b>(3,336)</b>               | <b>(510)</b>                            | <b>Net Assets</b>                                   | <b>(398)</b>                 | <b>(62)</b>                             |
|                              |   |   |                              |   |
| 163                          | 25                                      | Usable Reserves                                     | 143                          | 22                                      |
| (3,499)                      | (535)                                   | Unusable Reserves                                   | (541)                        | (84)                                    |
|                              |   |   |                              |   |
| <b>(3,336)</b>               | <b>(510)</b>                            | <b>Total Reserves</b>                               | <b>(398)</b>                 | <b>(62)</b>                             |

### 3. Glamorgan Archives

The Glamorgan Archive Joint Committee provides a Joint Archive facility for Cardiff, Bridgend, Rhondda Cynon Taf, Merthyr Tydfil and the Vale of Glamorgan Councils.

|                            |   |   |                            |   |
|----------------------------|---|---|----------------------------|---|
| Glamorgan Archives 2021/22 | Vale of Glamorgan Council Share 2021/22 | Income and Expenditure Statement                    | Glamorgan Archives 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|                            | 12%                                     |   |                            | 12%                                     |
| £'000                      | £'000                                   |   | £'000                      | £'000                                   |
| 956                        | 115                                     | Operating Expenditure                               | 858                        | 103                                     |
| (749)                      | (90)                                    | Operating Income                                    | (928)                      | (111)                                   |
| <b>207</b>                 | <b>25</b>                               | <b>Net Cost of Services</b>                         | <b>(70)</b>                | <b>(8)</b>                              |
| 0                          | 0                                       | Finance and Investment Income and Expenditure       | 0                          | 0                                       |
| <b>207</b>                 | <b>25</b>                               | <b>(Surplus) / Deficit on Provision of Services</b> | <b>(70)</b>                | <b>(8)</b>                              |
| (26)                       | (3)                                     | Other Comprehensive Income and Expenditure          | (6)                        | (1)                                     |
| <b>181</b>                 | <b>22</b>                               | <b>Total Comprehensive Income &amp; Expenditure</b> | <b>(76)</b>                | <b>(9)</b>                              |

| Glamorgan Archives<br>2021/22 | Vale of Glamorgan Council Share<br>2021/22 | Balance Sheet                           | Glamorgan Archives<br>2022/23 | Vale of Glamorgan Council Share<br>2022/23 |
|-------------------------------|--|---|-------------------------------|--|
|                               | 12%  |   |                               | 12%  |
| £'000                         | £'000                                      |   | £'000                         | £'000                                      |
| 6,062                         | 727  | Land and Buildings                      | 6,118                         | 734  |
| 0                             | 0  | Vehicle, Plant, Furniture and Equipment | 0                             | 0  |
| <b>6,062</b>                  | <b>727</b>                                 | <b>Long Term Assets</b>                 | <b>6,118</b>                  | <b>734</b>                                 |
| 17                            | 2  | Inventories                             | 20                            | 3  |
| 28                            | 3  | Short Term Debtors                      | 19                            | 2  |
| 95                            | 11   | Cash and Cash Equivalents               | 126                           | 15   |
| <b>140</b>                    | <b>16</b>                                  | <b>Current Assets</b>                   | <b>165</b>                    | <b>20</b>                                  |
| (52)                          | (6)  | Short Term Creditors                    | (58)                          | (7)  |
| <b>(52)</b>                   | <b>(6)</b>                                 | <b>Total Current Liabilities</b>        | <b>(58)</b>                   | <b>(7)</b>                                 |
| 0                             | 0  | Long Term Borrowing                     | 0                             | 0  |
| <b>6,150</b>                  | <b>737</b>                                 | <b>Net Assets</b>                       | <b>6,225</b>                  | <b>747</b>                                 |
|                               |  |   |                               |  |
| 113                           | 14   | Usable Reserves                         | 133                           | 16   |
| 6,037                         | 723  | Unusable Reserves                       | 6,092                         | 731  |
| <b>6,150</b>                  | <b>737</b>                                 | <b>Total Reserves</b>                   | <b>6,225</b>                  | <b>747</b>                                 |

#### 4. Prosiect Gwyrdd

The Prosiect Gwyrdd is a Joint Working Arrangement between Cardiff, Caerphilly, Monmouthshire, Newport and the Vale of Glamorgan Councils to manage the contract with Viridor which provides a long term sustainable treatment solution to the residual waste that is remaining in each authority after recycling has been maximised.

| Prosiect Gwyrdd<br>2021/22 | Vale of Glamorgan Council Share<br>2021/22 | Income and Expenditure Statement          | Prosiect Gwyrdd<br>2022/23 | Vale of Glamorgan Council Share<br>2022/23 |
|----------------------------|--|---|----------------------------|--|
|                            | 20%  |   |                            | 20%  |
| £'000                      | £'000                                      |   | £'000                      | £'000                                      |
| 187                        | 37   | Operating Expenditure                     | 201                        | 40   |
| (171)                      | (34)                                       | Operating Income                          | (96)                       | (19)                                       |
| <b>16</b>                  | <b>3</b>                                   | <b>Net Cost of Services</b>               | <b>105</b>                 | <b>21</b>                                  |
|                            |  |   |                            |  |
| 16                         | 3  | Transfer to(from) Joint Committee Reserve | (105)                      | (21)                                       |
| <b>0</b>                   | <b>0</b>                                   | <b>Total</b>                              | <b>0</b>                   | <b>0</b>                                   |

| Prosiect Gwyrdd 2021/22 | Vale of Glamorgan Council Share 2021/22 | Balance Sheet                    | Prosiect Gwyrdd 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|-------------------------|---|----------------------------------|-------------------------|---|
|                         | 20%                                     |                                  |                         | 20%                                     |
| £'000                   | £'000                                   |                                  | £'000                   | £'000                                   |
| 108                     | 22                                      | Short Term Debtors               | 0                       | 0                                       |
| 192                     | 38                                      | Cash and Cash Equivalents        | 272                     | 54                                      |
| <b>300</b>              | <b>60</b>                               | <b>Current Assets</b>            | <b>272</b>              | <b>54</b>                               |
| (4)                     | (1)                                     | Short Term Creditors             | (4)                     | (1)                                     |
| <b>(4)</b>              | <b>(1)</b>                              | <b>Total Current Liabilities</b> | <b>(4)</b>              | <b>(1)</b>                              |
| <b>296</b>              | <b>59</b>                               | <b>Net Assets</b>                | <b>268</b>              | <b>53</b>                               |
| (296)                   | (59)                                    | Usable Reserves                  | (268)                   | (53)                                    |
| 0                       | 0                                       | Unusable Reserves                | 0                       | 0                                       |
| <b>(296)</b>            | <b>(59)</b>                             | <b>Total Reserves</b>            | <b>(268)</b>            | <b>(53)</b>                             |

## 5. Central South Consortium

The Central South Consortium was created on 1<sup>st</sup> September 2012 to provide a range of School Improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan. Rhondda Cynon Taf is the host authority for the service.

| Central South Consortium 2021/22 | Vale of Glamorgan Council Share 2021/22 | Income and Expenditure Statement                    | Central South Consortium 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|----------------------------------|---|---|----------------------------------|---|
|                                  | 14.78%                                  |   |                                  | 14.84%                                  |
| £'000                            | £'000                                   |   | £'000                            | £'000                                   |
| 99,424                           | 14,755                                  | Operating Expenditure                               | 97,980                           | 14,540                                  |
| (97,819)                         | (14,516)                                | Operating Income                                    | (96,925)                         | (14,384)                                |
| <b>1,605</b>                     | <b>239</b>                              | <b>Net Cost of Services</b>                         | <b>1,055</b>                     | <b>156</b>                              |
| -2                               | 0                                       | Finance and Investment Income and Expenditure       | (130)                            | (19)                                    |
| <b>1,603</b>                     | <b>239</b>                              | <b>(Surplus) / Deficit on Provision of Services</b> | <b>925</b>                       | <b>137</b>                              |
| (2,554)                          | (379)                                   | Other Comprehensive Income and Expenditure          | (6,589)                          | (978)                                   |
| <b>(951)</b>                     | <b>(140)</b>                            | <b>Total Comprehensive Income &amp; Expenditure</b> | <b>(5,664)</b>                   | <b>(841)</b>                            |

| Central South Consortium 2021/22 | Vale of Glamorgan Council Share 2021/22 | Balance Sheet   | Central South Consortium 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|----------------------------------|---|---|----------------------------------|---|
|                                  | 14.78%                                  |   |                                  | 14.84%                                  |
| £'000                            | £'000                                   |   | £'000                            | £'000                                   |
| 0                                | 0                                       | Long Term Debtors                                       | 0                                | 0                                       |
| 843                              | 125                                     | Long Term Asset - Defined Benefit Pension Asset         | 5,858                            | 869                                     |
| <b>843</b>                       | <b>125</b>                              | <b>Long Term Assets</b>                                 | <b>5,858</b>                     | <b>869</b>                              |
| 0                                | 0                                       | Inventories   | 0                                | 0                                       |
| 1,435                            | 213                                     | Short Term Debtors                                      | 2,317                            | 344                                     |
| <b>1,435</b>                     | <b>213</b>                              | <b>Current Assets</b>                                   | <b>2,317</b>                     | <b>344</b>                              |
| (857)                            | (127)                                   | Short Term Creditors                                    | (1,090)                          | (162)                                   |
| <b>(857)</b>                     | <b>(127)</b>                            | <b>Total Current Liabilities</b>                        | <b>(1,090)</b>                   | <b>(162)</b>                            |
| <b>578</b>                       | <b>86</b>                               | <b>Net Current Assets</b>                               | <b>1,227</b>                     | <b>182</b>                              |
| (0)                              | (0)                                     | Long Term Liability - Defined Benefit Pension Liability | (0)                              | (0)                                     |
| <b>1,421</b>                     | <b>211</b>                              | <b>Net Assets/Liabilities</b>                           | <b>7,085</b>                     | <b>1,051</b>                            |
| 627                              | 93                                      | Usable Reserves   | 1,291                            | 192                                     |
| 794                              | 118                                     | Unusable Reserves                                       | 5,794                            | 860                                     |
| <b>1,421</b>                     | <b>211</b>                              | <b>Total Reserves</b>                                   | <b>7,085</b>                     | <b>1,051</b>                            |

## 6. City Deal

The £1.2 billion Cardiff Capital Region City Deal has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales, including the Vale of Glamorgan Council. The Deal is expected to deliver up to 25,000 new jobs and bring in an additional £4 billion of private sector investment. The Deal will cover a 20 year period and work is currently ongoing to establish projects to be undertaken and cost implications for each authority. There was not a capital contribution to the Joint Committee during 2022/23. The 2022/23 accounts have been consolidated into the Vale of Glamorgan Council accounts on the basis of the draft accounts.

| City Deal 2021/22 | Vale of Glamorgan Council Share 2021/22 | Income and Expenditure Statement                    | City Deal 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|-------------------|---|---|-------------------|---|
|                   | 8.48%                                   |   |                   | 8.48%                                   |
| £'000             | £'000                                   |   | £'000             | £'000                                   |
| 6,697             | 568                                     | Operating Expenditure                               | 23,347            | 1,841                                   |
| (9,015)           | (764)                                   | Operating Income                                    | (24,176)          | (1,849)                                 |
| <b>(2,318)</b>    | <b>(196)</b>                            | <b>Net Cost of Services</b>                         | <b>(829)</b>      | <b>(8)</b>                              |
| 110               | 9                                       | Finance and Investment Income and Expenditure       | 849               | 58                                      |
| (4,496)           | (381)                                   | Taxation and Non Specific Grant Income              | (28,378)          | (2,392)                                 |
| <b>(6,704)</b>    | <b>(568)</b>                            | <b>(Surplus) / Deficit on Provision of Services</b> | <b>(28,358)</b>   | <b>(2,342)</b>                          |



|                |              |   |                 |                |
|----------------|--------------|---|-----------------|----------------|
| 0              | 0            | Other Comprehensive Income and Expenditure          | 0               | 0              |
| <b>(6,704)</b> | <b>(568)</b> | <b>Total Comprehensive Income &amp; Expenditure</b> | <b>(28,358)</b> | <b>(2,342)</b> |

| City Deal 2021/22 | Vale of Glamorgan Council Share 2021/22 | Balance Sheet                 | City Deal 2022/23 | Vale of Glamorgan Council Share 2022/23 |
|-------------------|---|-------------------------------|-------------------|---|
|                   | 8.48%                                   |                               |                   | 8.48%                                   |
| £'000             | £'000                                   |                               | £'000             | £'000                                   |
| 28,950            | 2,454                                   | Investment Properties         | 63,593            | 5,390                                   |
| 810               | 69                                      | Assets Under Construction     | 1,430             | 121                                     |
| 4,176             | 354                                     | VPFE                          | 5,680             | 481                                     |
| -597              | -51                                     | Depreciation - VPFE           | -1,225            | -104                                    |
| 2,000             | 170                                     | Equity                        | 7,500             | 636                                     |
| 0                 | 0                                       | Long Term Investments         | 1,328             | 113                                     |
| 16,295            | 1,381                                   | Long Term Debtors             | 16,478            | 1,397                                   |
| <b>51,634</b>     | <b>4,378</b>                            | <b>Long Term Assets</b>       | <b>94,784</b>     | <b>8,034</b>                            |
| 3,000             | 254                                     | Financial Assets and Bonds    | 4,414             | 374                                     |
| 6,162             | 522                                     | Short Term Debtors            | 11,032            | 935                                     |
| 1,335             | 113                                     | Deferred Tax Asset            | 1,798             | 152                                     |
| 65,734            | 5,572                                   | Cash and Cash Equivalent      | 51,430            | 4,360                                   |
| <b>76,231</b>     | <b>6,461</b>                            | <b>Current Assets</b>         | <b>68,674</b>     | <b>5,821</b>                            |
| (48,691)          | (4,127)                                 | Short Term Creditors          | (38,033)          | (3,224)                                 |
| <b>(48,691)</b>   | <b>(4,127)</b>                          | <b>Current Liabilities</b>    | <b>(38,033)</b>   | <b>(3,224)</b>                          |
| 0                 | 0                                       | Long Term Borrowing           | (70)              | (6)                                     |
| (25,423)          | (2,156)                                 | Long Term Creditors           | (43,722)          | (3,706)                                 |
| (2,471)           | (209)                                   | Provisions for Liabilities    | (2,770)           | (235)                                   |
| <b>(27,894)</b>   | <b>(2,365)</b>                          | <b>Long Term Liabilities</b>  | <b>(46,562)</b>   | <b>(3,947)</b>                          |
| <b>51,280</b>     | <b>4,347</b>                            | <b>Net Assets/Liabilities</b> | <b>78,863</b>     | <b>6,684</b>                            |
|                   |   |                               |                   |   |
| 1,819             | 154                                     | Usable Reserves               | 22,886            | 1,940                                   |
| 49,461            | 4,193                                   | Unusable Reserves             | 55,977            | 4,744                                   |
| <b>51,280</b>     | <b>4,347</b>                            | <b>Total Reserves</b>         | <b>78,863</b>     | <b>6,684</b>                            |

### 34. Pooled/Joint Budgets Arrangements

The Council has entered into a number of joint and pooled budget arrangements for the following :-

#### Older People Care Accommodation Pooled Budget

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018. Cardiff Council is currently acting as host authority. The processes for commissioning and payment for services has remained unchanged

and is still undertaken by the individual partner's. Each partner continues to be responsible for their own budget and expenditure.

Costs incurred by each partner are charged to the pooled budget held by Cardiff Council and these costs are then offset by contributions made by each partner into the pool. The value of the Vale's transactions into and out of the pool for 2022/23 are £12.06m.

### Joint Equipment Store (JES)

The contributors to the pool are the Vale of Glamorgan Council, Cardiff County Council and the Cardiff and Vale University Health Board. The JES is run by Cardiff County Council and provides community equipment and minor adaptations to residents of Cardiff and the Vale of Glamorgan. £365k was paid into the pool in respect of 2022/23.

### Integrated Care Fund (ICF)

ICF grant is provided to the Cardiff and Vale University Health Board by Welsh Government. The funding allows various initiatives to be undertaken by the Cardiff and Vale University Health Board, Cardiff County Council and the Vale of Glamorgan Council. This fund is being used to build effective working practices across health, social services and housing, to take forward schemes which demonstrate an effectiveness across community and acute environments and linking out-of-hospital care and social care to strengthen the resilience of the unscheduled care system. The Vale of Glamorgan Council undertook revenue schemes to the value of £4.038m and capital schemes to the value of £41k during 2022/23 from this fund.

### Integrated Family Support Service (IFSS)

The service covers the Vale of Glamorgan Council and Cardiff County Council geographical area. The service is run by Cardiff County Council and provides targeted intervention to support children and families affected by parental substance misuse. The Vale of Glamorgan Council contributed £284k to the service in 2022/23.

### Coroner

There is a South Wales Central Joint Coroner Service for Rhondda Cynon Taf, Cardiff, Powys, Bridgend, Merthyr Tydfil and the Vale of Glamorgan Councils. The service is hosted by Rhondda Cynon Taf. During 2022/23 the Council made contributions of £368k to the service.

### Shared Internal Audit Service

The Council is the lead authority for a Shared Internal Audit Service covering the Vale of Glamorgan, Rhondda Cynon Taf, Merthyr Tydfil and Bridgend Councils. The

total cost of the service for 2022/23 was £1.026M with a contribution of £183k from the Vale of Glamorgan, £311k from Rhondda Cynon Taf and £245k Merthyr Tydfil and £287k from Bridgend. As at 31<sup>st</sup> March 2023 a reserve to the value of £261k was held by the Vale of Glamorgan Council on behalf of the service.

### Local Resilience Forum

The Authority is the lead for the Local Resilience Forum, the members of the forum are; the Local Health Board, Natural Resources Wales, Fire Service, South Wales Police and Local Authorities - Cardiff, Newport, Swansea, Bridgend, Rhondda Cynon Taf and The Vale of Glamorgan.

The Local Resilience Forum is no longer consolidated into the Council's accounts. The Council's share of the LRF's balance is 8% and the overall reserve balances stood at £173k at 31<sup>st</sup> March 2023.

### Swansea and Carmarthen Bay Coastal Engineering Group.

The Authority is the lead for the Swansea and Carmarthen Bay Coastal Engineering Group. The members of the partnership are Natural Resources Wales, Pembrokeshire County Council, Swansea City County Council, Bridgend County Borough Council, Carmarthenshire County Council and the Vale of Glamorgan.

This group is not consolidated into the Council's accounts. The overall cash balance of the group was £247k at 31<sup>st</sup> March 2023 due to a WG grant that has been carried forward,.

### **35. Other Related Parties**

Other than that shown below there are no matters that the Council is required to disclose separately as material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council other than those shown elsewhere in the notes to the accounts. All transactions referred to in this Related Parties disclosure have been conducted on an arms length basis.

There are no monies owed from/to disclosed related parties at the end of the year. If there are any outstanding amounts at year end they will be included in the relevant disclosure.

Welsh Government effect influence on the Authority via legislation and grant funding. As at 31<sup>st</sup> March 2023 there was a debtor balance of £7.069m for revenue and £9.942m for capital. During 2022/23 the Council received revenue grants as set out in Notes 0 and 12.

The Authority has material transactions with the Cardiff and Vale University Health Board in respect of Social Service matters whereby the Health Board reimburses the Authority for Continuing Health Care costs. The Council also receives Regional Integration Funding and other grant income for capital and revenue expenditure from the Health Board. During 2022/23 there were income transactions with the Health Board totalling £3.578m and as at 31<sup>st</sup> March 2023 there was a debtor balance of £2.214m.

As part of the Covid response PPE has been distributed to the Council by the JES. The PPE has been utilised in part by the Council (predominantly is the Social Services directorate) but has also been passed on to third parties such as private Residential homes and domiciliary care providers.

The Big Fresh Catering Company (BFCC) was established on 1<sup>st</sup> January 2020 and the Vale of Glamorgan Council is sole shareholder. The Council has included income of £212k and expenditure of £5.659m in its 2021/22 single entity accounts. A number of Council Officers and Members were named as directors of BFCC during the 2022/23 financial year, Cabinet Member for Learning and Skills Cllr Rhiannon Birch, Head of Strategy, Community Learning and Resources, the Headteacher at Sully Primary School and the Headteacher St Richard Gwyn and James Sommerin. None of these Directors are remunerated in excess of the sum included in the Single Entity accounts for their role in BFCC.

At the 31 March 2023 there are 31 Vale of Glamorgan Councillors who also were members of Town and Community Councils. The precepts raised in respect of Town and Community Councils in the Vale were £3.270m in 2022/23 (£3.174m in 2021/22) and are included in the Comprehensive Income and Expenditure Statement.

### 36. Operating Leases (Lessor)

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

|                       | 2021/22 Land<br>and Buildings | 2021/22<br>Other Leases | 2022/23 Land<br>and Buildings | 2022/23<br>Other Leases |
|-----------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
|                       | £'000                         | £'000                   | £'000                         | £'000                   |
| Within 1 year         | 427                           | 135                     | 412                           | 171                     |
| Between 1 and 5 years | 1,227                         | 0                       | 1,182                         | 0                       |
| After 5 years         | 8,659                         | 0                       | 8,403                         | 0                       |
| <b>Total</b>          | <b>10,313</b>                 | <b>135</b>              | <b>9,997</b>                  | <b>171</b>              |

### 37. Operating Leases (Lessee)

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

|                       | 2021/22 Land and Buildings (Restated) | 2021/22 Other Leases | 2022/23 Land and Buildings | 2022/23 Other Leases |
|-----------------------|---------------------------------------|----------------------|----------------------------|----------------------|
|                       | £'000                                 | £'000                | £'000                      | £'000                |
| Within 1 year         | 263                                   | 0                    | 268                        | 0                    |
| Between 1 and 5 years | 736                                   | 0                    | 686                        | 0                    |
| After 5 years         | 1,350                                 | 0                    | 1,181                      | 0                    |
| <b>Total</b>          | <b>2,349</b>                          | <b>0</b>             | <b>2,135</b>               | <b>0</b>             |

### 38. Pension Assets and Liabilities

#### Local Government Pension Scheme Funded Benefits

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the 'Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2022 and the contributions to be paid until 31 March 2024 resulting from that valuation are set out in the Fund's rates and adjustment certificate.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

#### Local Government Pension Scheme Unfunded Benefits

The disclosures below also relate to the unfunded pension arrangements established by The Vale of Glamorgan Council. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (LGPS) under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations and members of the Teachers' Pension Scheme.

The latest actuarial valuation of unfunded benefits took place as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary basis on an actuarial basis using the projected unit credit method.

The accounts have been adjusted to include the Joint Committees and the Foundation School's Pension Liabilities. The Council's share of the Joint Committees and Foundation School's pension liabilities are reflected in the disclosure notes below. The table below sets out the reconciliation of the pension liability figure included on the Council's balance sheet.

The Central South Consortium and Shared Regulatory Service Joint Committees are consolidated using different percentages each year this means that there are small discrepancies between the closing 2021/22 position and the opening 2022/23 position for some of the notes included in this analysis.

| Pension Liability   | 31 March<br>2022 | 31 March<br>2023 |
|---|------------------|------------------|
|   | £'000            | £'000            |
| Vale of Glamorgan Council Pension (Liability)   | (268,100)        | (64,159)         |
| Vale, Valleys and Cardiff Regional Adoption Service Joint Committee Pension (Liability) | (532)            | (81)             |
| Shared Regulatory Service Joint Committee Pension (Liability)                           | (4,948)          | (709)            |
| Central South Consortium Joint Committee Pension Asset                                  | 125              | 869              |
| Foundation School Pension (Liability)   | (3,160)          | (550)            |
| <b>Total Pension Liability</b>  | <b>(276,615)</b> | <b>(64,630)</b>  |

\*The administering body for the Central South Consortium Joint Committee Pension Fund is Rhondda Cynon Taf County Council.

Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

### [Key issues impacting the actuarial calculation](#)

#### [2022 Actuarial Valuation](#)

These results allow for the 2022 Actuarial Valuation of the Cardiff and Vale Pension Fund. The effect of this is shown in the Actuarial (gains)/losses due to liability experience and the Return on plan assets (in excess of)/below that recognised in net interest and is reflected in the balance sheet position. The demographic assumptions have also been adjusted, and the Current Service Cost has also been updated to reflect the employer's membership data as at the 2022 valuation.

#### [McCloud Judgement](#)

All employers will have accounted for McCloud in previous years and there is therefore no requirement to recognise an additional past service cost in relation to this.

#### [Assets Returns](#)

Asset Returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening balance sheet position before allowance for the 2022 Actuarial Valuation.

### Financial Assumptions

All inflation linked benefits are determined by reference to CPI. The recommended CPI Inflation at each duration has been calculated using the Aon UK Gilts Prices RPI curve adjusted for the RPI-CPI wedge, establishing an equivalent average CPI inflation rate for the four sample schemes.

The defined benefit obligation has been adjusted for actual CPI inflation being higher (or lower) than assumed. Over this accounting period the adjustment is based on actual CPI inflation of 13.8% between September 2021 and February 2023.

The defined benefit obligation has been adjusted to allow for salary increases of 7% per annum in line with the average settlement for 2022 under the National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.

### Demographic Assumptions

All mortality assumptions are based on an analysis of the Funds recent mortality experience that was carried out in advance of the 2022 valuation of the Fund using Aon's demographic horizon's longevity model.

Other demographic assumptions are the rates of withdrawal and ill health retirements (for active members). The allowance made for cash commutation on retirement, the proportion of members whose death gives rise to a dependants pension and the assumed levels of promotional salary increases. These assumptions have been kept as the same level as in the 2022 valuation.

### Impact of Covid-19 on Mortality

ONS Data showed that the cumulative deaths in 2020 and 2021 were well outside the range of the outcomes seen in recent years. There is likely to be an initial experience gain to pension funds from excess deaths over this period. This effect has been captured as part of the update of employer accounting figures to the results of the 2022 valuation and further allowance for experience after March 2022 is not reflected in the accounting figures.

The impact of longevity for the Fund's members will additionally be affected by the indirect impact of Covid 19, including the health of the surviving population and the economic, social and political consequences of tackling Covid 19. Current



expectations are that Covid 19 will have a negative impact on the rate of future longevity improvements.

### Estimated Employer Payments 2023/24

The estimated Employer payments for the year ended 31<sup>st</sup> March 2023 are set out in the table below. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

| Employer regular contribution for 2023/24                                      | Year ended 31 <sup>st</sup> March 2024 (£M) |
|--|---|
| Vale of Glamorgan  | 15.05                                       |
| Foundation School  | 0.30  |
| Vale of Glamorgan share of Shared Regulatory Service                           | 0.267                                       |
| Vale of Glamorgan share of Vale, Valleys and Cardiff Regional Adoption Service | 0.04  |
| Vale of Glamorgan share of Central South Consortium                            | 0.047                                       |
| <b>Total</b>   | <b>15.704</b>                               |

The expected employer payments direct to beneficiaries in 2023/24 for unfunded pensions is £1.26M.

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

### Principal Financial Assumptions (% per annum)

|  | Funded   |          |          | Unfunded |          |          |
|--|----------|----------|----------|----------|----------|----------|
|  | 31/03/21 | 31/03/22 | 31/03/23 | 31/03/21 | 31/03/22 | 31/03/23 |
|  | %        | %        | %        | %        | %        | %        |
| Discount Rate                            | 2.1      | 2.7      | 4.7      | 2.1      | 2.7      | 4.7      |
| CPI Rate                                 | 2.7      | 3.0      | 2.7      | 2.7      | 3.0      | 2.7      |
| Rate of increase to pensions (1)         | 2.7      | 3.0      | 2.7      | 2.7      | 3.0      | 2.7      |
| Pension accounts revaluation rate (2)    | 2.7      | 3.0      | 2.7      |          |          |          |
| Rate of general increase in salaries (3) | 3.7      | 4.0      | 3.7      |          |          |          |

The above Pension assumptions apply to Cardiff and Vale Pension Fund schemes (Vale of Glamorgan and the Foundation School).

- The duration of the liabilities is the average period between the calculation date and the date at which benefit payments fall due. Durations will be calculated based on the output of the most recent valuation exercise of the Employer's funded liabilities



- Employers may also prepare a separate disclosure note for their unfunded benefit schemes' which pay pensions awarded at retirement on a discretionary basis. The duration of the unfunded liabilities will usually be shorter than the duration of the LGPS benefits. In the interest of pragmatism and practicality it is recommended that the financial assumptions used to report the unfunded scheme liabilities are the same as those used for valuing funded benefits.
- Pension increases on pension in excess of the Guaranteed Minimum Pension in payment where appropriate.
- It is recommended that the assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases.
- The defined benefit obligation has been adjusted to allow for salary increases of 7% pa in line with the average settlement for 2022 under National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.
- The mortality tables shown apply to normal health retirements. Different rates may apply to retirements in ill health

Assumptions for the Vale, Valleys and Cardiff Regional Adoption Service and Shared Regulatory Service are set out below:

|  | <b>Joint Committees Vale Valleys and Cardiff Regional Adoption Service and Shared Regulatory Service (Funded)</b> |                 |                 |
|--|---|-----------------|-----------------|
|  | <b>31/03/21</b>   | <b>31/03/22</b> | <b>31/03/23</b> |
|  | %   | %               | %               |
| Discount Rate                            | 2.1%  | 2.7%            | 4.6%            |
| CPI Rate                                 | 2.6%  | 2.9%            | 2.6%            |
| Rate of increase to pensions (1)         | 2.6%  | 2.9%            | 2.6%            |
| Pension accounts revaluation rate (2)    | 2.6%  | 2.9%            | 2.6%            |
| Rate of general increase in salaries (3) | 3.6%  | 3.9%            | 3.6%            |

Assumptions for the Central South Consortium Pension Fund are set out below:

|  | <b>Central South Consortium (Funded)</b> |                 |                 |
|--|--|-----------------|-----------------|
|  | <b>31/03/21</b>                          | <b>31/03/22</b> | <b>31/03/23</b> |
|  | %  | %               | %               |
| Discount Rate                            |  |                 |                 |
| CPI Rate                                 | 2.1%                                     | 2.7%            | 4.7%            |
| Rate of increase to pensions (1)         | 2.7%                                     | 3.0%            | 2.7%            |
| Pension accounts revaluation rate (2)    | 2.7%                                     | 3.0%            | 2.7%            |
| Rate of general increase in salaries (3) | 3.95%                                    | 4.25%           | 3.95%           |

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

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

#### Post retirement mortality (retirement in normal health)

| Post Retirement Mortality                                | Funded (excl CSC) |          | CSC Funded |          | Unfunded |          |
|--|-------------------|----------|------------|----------|----------|----------|
|  | 31/03/22          | 31/03/23 | 31/03/22   | 31/03/23 | 31/03/22 | 31/03/23 |
| <b>Males</b>   |                   |          |            |          |          |          |
| Future lifetime from age 65 (aged 65 at accounting date) | 22.1              | 22.6     | 21.6       | 21.6     | 22.1     | 22.6     |
| Future lifetime from age 65 (aged 45 at accounting date) | 23.2              | 23.2     | 22.6       | 22.9     |          |          |
| <b>Females</b>   |                   |          |            |          |          |          |
| Future lifetime from age 65 (aged 65 at accounting date) | 24.6              | 24.7     | 23.9       | 24.2     | 24.6     | 24.7     |
| Future lifetime from age 65 (aged 45 at accounting date) | 26.0              | 25.8     | 25.4       | 25.7     |          |          |

The majority of the Fund's obligations are to provide benefits for the life of a member following retirement, so increases in life expectancy will result in an increase in the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

|                  | Funded (excl CSC)                |                                  | Funded CSC                       |                                  |
|------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                  | Asset split at 31 March 2022 (%) | Asset split at 31 March 2023 (%) | Asset split at 31 March 2022 (%) | Asset split at 31 March 2023 (%) |
| Equities         | 67.5                             | 67.9                             | 68.75                            | 68.18                            |
| Property         | 6.9                              | 7.2                              | 6.6                              | 7.76                             |
| Government Bonds | 9.2                              | 8.8                              | 11.7                             | 10.47                            |
| Corporate Bonds  | 8.4                              | 7.6                              | 12.6                             | 12.38                            |
| Cash             | 2.3                              | 3.2                              | 0.35                             | 0.67                             |
| Infrastructure   | 0                                | 0                                | 0                                | 0.54                             |
| Other            | 5.7                              | 5.3                              | 0                                | 0                                |
| <b>Total</b>     | <b>100.0</b>                     | <b>100.0</b>                     | <b>100.0</b>                     | <b>100.0</b>                     |

Of the assets shown above for Funded (excl CSC) 4.5% are classified as unquoted equities at 31<sup>st</sup> March 2023.

#### Reconciliation of Funded/Unfunded Status to Balance Sheet

| As at 31/03/22   | Funded          |                   |              |                |                | Unfunded       | Total            |
|--|-----------------|-------------------|--------------|----------------|----------------|----------------|------------------|
|  | Vale            | Foundation School | CSC          | SRS            | VVC            |                |                  |
|  | £M's            | £M's              | £M's         | £M's           | £M's           | £M's           | £M's             |
| Fair Value of Assets                                       | 498.62          | 6.95              | 5.025        | 6.962          | 0.734          | 0              | 518.291          |
| Present Value of Defined Benefit Obligation                | (753.91)        | (10.11)           | (4.9)        | (11.91)        | (1.256)        | (12.81)        | (794.895)        |
| <b>Funded/Unfunded status</b>                              | <b>(255.29)</b> | <b>(3.16)</b>     | <b>0.125</b> | <b>(4.948)</b> | <b>(0.521)</b> | <b>(12.81)</b> | <b>(276.605)</b> |
| Impact of minimum funding requirement / asset ceiling      | 0               | 0                 | 0            | 0              | 0              | 0              | 0                |
| <b>Asset / (Liability) recognised on the Balance Sheet</b> | <b>(255.29)</b> | <b>(3.16)</b>     | <b>0.125</b> | <b>(4.948)</b> | <b>(0.521)</b> | <b>(12.81)</b> | <b>(276.605)</b> |

| As at 31/03/23   | Funded         |                   |              |                |                | Unfunded       | Total           |
|--|----------------|-------------------|--------------|----------------|----------------|----------------|-----------------|
|  | Vale           | Foundation School | CSC          | SRS            | VVC            |                |                 |
|  | £M's           | £M's              | £M's         | £M's           | £M's           | £M's           | £M's            |
| Fair Value of Assets                                       | 510.14         | 7.04              | 4.671        | 7.392          | 0.768          | 0              | 530.011         |
| Present Value of Defined Benefit Obligation                | (563.27)       | (7.59)            | (3.802)      | (8.101)        | (0.846)        | (11.03)        | (594.639)       |
| <b>Funded/Unfunded status</b>                              | (53.13)        | (0.55)            | 0.869        | (0.709)        | (0.078)        | (11.03)        | (64.628)        |
| Impact of minimum funding requirement / asset ceiling      | 0              | 0                 | 0            | 0              | 0              | 0              | 0               |
| <b>Asset / (Liability) recognised on the Balance Sheet</b> | <b>(53.13)</b> | <b>(0.55)</b>     | <b>0.869</b> | <b>(0.709)</b> | <b>(0.078)</b> | <b>(11.03)</b> | <b>(64.628)</b> |

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

| Active Members      | Vale of Glamorgan | Foundation School | CSC | SRS | VVC |
|---------------------|-------------------|-------------------|-----|-----|-----|
|                     | %                 | %                 | %   | %   | %   |
| Active Members      | 38%               | 69%               | n/a | 73% | 70% |
| Deferred Pensioners | 17%               | 8%                | n/a | 11% | 15% |
| Pensioners          | 45%               | 23%               | n/a | 16% | 15% |

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

#### Maturity Profile of the Defined Benefit Obligation

The estimated duration of liabilities for the scheme members is set out below.

| Duration of Liabilities (in years) | Vale of Glamorgan | Foundation School | CSC | SRS  | VVC  |
|------------------------------------|-------------------|-------------------|-----|------|------|
| 2021/22                            | 20.2              | 22.6              | n/a | 27.3 | 27.8 |
| 2022/23                            | 17.1              | 18.4              | n/a | 22.3 | 23.1 |

Breakdown of Amounts recognised in Surplus or Deficit on the Provision of Services and Other Comprehensive Income.

| Year Ending 31/03/22   | Funded  |                          |         |         |         | Unfunded | Total    |
|--|---------|--------------------------|---------|---------|---------|----------|----------|
|  | Vale    | Foundati<br>on<br>School | CSC     | SRS     | VVC     |          |          |
|  | £M's    | £M's                     | £M's    | £M's    | £M's    | £M's     | £M's     |
| <b>Comprehensive Income and Expenditure</b>  |         |                          |         |         |         |          |          |
| <b>Cost of Services</b>  |         |                          |         |         |         |          |          |
| <b>Service Cost Comprising</b>   |         |                          |         |         |         |          |          |
| Current Service Cost*  | 31.77   | 0.65                     | 0.251   | 0.593   | 0.099   | 0        | 33.363   |
| Past Service Cost (including curtailments)   | 0.23    | 0                        | 0       | 0       | 0       | 0        | 0.23     |
| (Gain)/Loss on Settlements   | 0.00    | 0                        | 0       | 0       | 0       | 0        | 0.00     |
| <b>Financing and Investment Income</b>   |         |                          |         |         |         |          |          |
| Net Interest Expense   | 6.31    | 0.09                     | 0.001   | 0.122   | 0.013   | 0.29     | 6.826    |
| Total post-employment benefits charged to the surplus or deficit on the provision of services  | 38.31   | 0.74                     | 0.251   | 0.715   | 0.112   | 0.29     | 40.418   |
| <b>Remeasurements in Other Comprehensive Income and Expenditure</b>  |         |                          |         |         |         |          |          |
| Return on plan assets (in excess of) /below that recognised in net interest  | (21.79) | (0.53)                   | (0.014) | (0.300) | (0.030) | 0        | (22.664) |
| Actuarial (gains)/ losses due to change in financial assumptions   | (49.17) | (1.01)                   | (0.331) | (1.024) | (0.116) | (0.32)   | (51.971) |
| Actuarial (gains)/ losses due to changes in demographic assumptions  | (7.61)  | (0.1)                    | (0.049) | (0.121) | (0.012) | (0.21)   | (8.102)  |
| Actuarial (gains) / losses due to liability experience   | 2.36    | 0.03                     | 0.016   | 0.029   | 0.005   | (0.07)   | 2.37     |
| Total post-employment benefits charged to the comprehensive income and expenditure statement   | (76.21) | (1.61)                   | (0.379) | (1.416) | (0.153) | (0.57)   | (80.338) |
| Total Amount Recognised  | (37.90) | (0.87)                   | (0.128) | (0.701) | (0.041) | (0.28)   | (39.92)  |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | (38.31) | (0.74)                   | (0.251) | (0.715) | (0.111) | (0.29)   | (40.417) |
| <b>Actual amount charged against General Fund and HRA balances for Pensions in year</b>  |         |                          |         |         |         |          |          |
| Employers' contributions payable to scheme   | 14.11   | 0.29                     | 0.034   | 0.265   | 0.044   | 0        | 14.743   |

|   |      |      |     |      |      |      |      |
|---|------|------|-----|------|------|------|------|
| Retirement benefits payable   | 0    | 0    | 0   | 0    | 0    | 1.13 | 1.13 |
| <b>Administration Expenses Allowance</b>  |      |      |     |      |      |      |      |
| *The current service cost included an allowance for the administration expenses | 0.31 | 0.01 | n/a | 0.03 | 0.01 | 0    | 0.36 |

| For Year Ending 31/03/23   | Funded   |                       |         |         |         | Unfund<br>ed | Total     |
|--|----------|-----------------------|---------|---------|---------|--------------|-----------|
|  | Vale     | Foundatio<br>n School | CSC     | SRS     | VVC     |              |           |
|  | £M's     | £M's                  | £M's    | £M's    | £M's    | £M's         | £M's      |
| <b>Comprehensive Income and Expenditure</b>  |          |                       |         |         |         |              |           |
| <b>Cost of Services</b>  |          |                       |         |         |         |              |           |
| <b>Service Cost Comprising</b>   |          |                       |         |         |         |              |           |
| Current Service Cost*  | 34.29    | 0.62                  | 0.278   | 0.575   | 0.092   | 0            | 35.855    |
| Past Service Cost (including curtailments)   | 0        | 0                     | 0       | 0       | 0       | 0            | 0         |
| (Gain)/Loss on Settlements   | 0        | 0                     | 0       | 0       | 0       | 0            | 0         |
| <b>Financing and Investment Income</b>   |          |                       |         |         |         |              |           |
| Net Interest Expense   | 6.68     | 0.08                  | (0.004) | 0.129   | 0.014   | 0.33         | 7.229     |
| Total post-employment benefits charged to the surplus or deficit on the provision of services  | 40.97    | 0.70                  | 0.274   | 0.704   | 0.106   | 0.33         | 43.084    |
| <b>Remeasurements in Other Comprehensive Income and Expenditure</b>  |          |                       |         |         |         |              |           |
| Return on plan assets (in excess of) /below that recognised in net interest  | 3.83     | 0.35                  | 0.517   | 0.084   | 0.041   | 0            | 4.822     |
| Actuarial (gains)/ losses due to change in financial assumptions   | (286.03) | (3.91)                | (1.974) | (5.277) | (0.570) | (1.82)       | (299.581) |
| Actuarial (gains)/ losses due to changes in demographic assumptions  | (1.78)   | (0.03)                | (0.002) | (0.045) | (0.005) | (0.24)       | (2.102)   |
| Actuarial (gains) / losses due to liability experience   | 56.80    | 0.58                  | 0.481   | 0.575   | 0.032   | 1.09         | 59.558    |
| Total post-employment benefits charged to the comprehensive income and expenditure statement   | (227.18) | (3.01)                | (0.978) | (4.663) | (0.502) | (0.97)       | (237.303) |
| Total Amount Recognised  | (186.21) | (2.31)                | (0.704) | (3.959) | (0.396) | (0.64)       | (194.219) |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | (40.97)  | (0.70)                | (0.274) | (0.704) | (0.106) | (0.33)       | (43.084)  |
| <b>Actual amount charged against General Fund and HRA balances for Pensions in year</b>  |          |                       |         |         |         |              |           |

|   |       |      |       |       |       |      |        |
|---|-------|------|-------|-------|-------|------|--------|
| Employers' contributions payable to scheme                                      | 15.95 | 0.30 | 0.041 | 0.283 | 0.047 | 0    | 16.621 |
| Retirement benefits payable to pensioners                                       | 0     | 0    | 0     | 0     | 0     | 1.14 | 1.14   |
| <b>Administration Expenses Allowance</b>  |       |      |       |       |       |      |        |
| *The current service cost included an allowance for the administration expenses | 0.45  | 0.01 | n/a   | 0.04  | 0.01  | 0    | 0.51   |

### Changes to the Present Value of Defined Benefit Obligation during the Period

| Year Ended 31/03/22  | Funded        |                   |              |               |              | Unfunded     | Total          |
|--|---------------|-------------------|--------------|---------------|--------------|--------------|----------------|
|  | Vale          | Foundation School | CSC          | SRS           | VVC          |              |                |
|  | £M's          | £M's              | £M's         | £M's          | £M's         | £M's         | £M's           |
| Opening Defined Benefit Obligation                               | <b>772.63</b> | <b>10.34</b>      | <b>4.914</b> | <b>12.143</b> | <b>1.251</b> | <b>14.22</b> | <b>815.498</b> |
| Current Service Cost   | 31.77         | 0.65              | 0.251        | 0.593         | 0.099        | 0.00         | 33.363         |
| Interest Expense on defined benefit obligation                   | 16.10         | 0.22              | 0.103        | 0.255         | 0.027        | 0.29         | 16.995         |
| Contributions by Participants                                    | 4.09          | 0.08              | 0.063        | 0.082         | 0.014        | 0.00         | 4.329          |
| Actuarial (gains)/ losses on liabilities financial assumptions   | (49.17)       | (1.01)            | (0.331)      | (1.024)       | (0.116)      | (0.32)       | (51.971)       |
| Actuarial (gains)/ losses on liabilities demographic assumptions | (7.61)        | (0.1)             | (0.05)       | (0.121)       | (0.012)      | (0.21)       | (8.103)        |
| Actuarial (gains)/ losses on liabilities experience              | 2.36          | 0.03              | 0.016        | 0.029         | 0.005        | (0.04)       | 2.40           |
| Net Benefits Paid Out  | (16.49)       | (0.1)             | (0.049)      | (0.047)       | (0.012)      | (1.13)       | (17.828)       |
| Past Service Cost (including curtailments)                       | 0.230         | 0.00              | 0.00         | 0.00          | 0.00         | 0.00         | 0.23           |
| Net increase in liabilities from disposals/ acquisitions         | 0.00          | 0.00              | 0.00         | 0.00          | 0.00         | 0.00         | 0.00           |
| Settlements  | 0.00          | 0.00              | 0.00         | 0.00          | 0.00         | 0.00         | 0.00           |
| Closing Defined Benefit Obligation                               | <b>753.91</b> | <b>10.11</b>      | <b>4.917</b> | <b>11.91</b>  | <b>1.256</b> | <b>12.81</b> | <b>794.913</b> |

| Year Ended 31/03/23                | Funded        |                    |              |               |              | Unfunded     | Total          |
|------------------------------------|---------------|--------------------|--------------|---------------|--------------|--------------|----------------|
|                                    | Vale          | Foundatio n School | CSC          | SRS           | VVC          |              |                |
|                                    | £M's          | £M's               | £M's         | £M's          | £M's         | £M's         | £M's           |
| Opening Defined Benefit Obligation | <b>753.91</b> | <b>10.11</b>       | <b>4.900</b> | <b>11.915</b> | <b>1.256</b> | <b>12.81</b> | <b>794.901</b> |
| Current Service Cost               | 34.29         | 0.62               | 0.278        | 0.575         | 0.092        | 0.00         | 35.855         |

|  |               |             |              |              |              |              |                |
|--|---------------|-------------|--------------|--------------|--------------|--------------|----------------|
| Interest Expense on defined benefit obligation                   | 20.17         | 0.27        | 0.132        | 0.322        | 0.035        | 0.33         | 21.259         |
| Contributions by Participants                                    | 4.65          | 0.09        | 0.076        | 0.088        | 0.014        | 0.00         | 4.918          |
| Actuarial (gains)/ losses on liabilities financial assumptions   | (286.03)      | (3.91)      | (1.974)      | (5.277)      | (0.570)      | (1.82)       | (299.581)      |
| Actuarial (gains)/ losses on liabilities demographic assumptions | (1.78)        | (0.03)      | (0.002)      | (0.045)      | (0.005)      | (0.24)       | (2,102)        |
| Actuarial (gains)/ losses on liabilities experience              | 56.80         | 0.58        | 0.481        | 0.575        | 0.032        | 1.090        | 59.558         |
| Net Benefits Paid Out  | (18.74)       | (0.14)      | (0.069)      | (0.053)      | (0.006)      | (1.14)       | (20.148)       |
| Past Service Cost (including curtailments)                       | 0             | 0.00        | 0.00         | 0.00         | 0.00         | 0.00         | 0              |
| Net increase in liabilities from disposals/ acquisitions         | 0             | 0.00        | 0.00         | 0.00         | 0.00         | 0.00         | 0              |
| Settlements  | 0             | 0.00        | 0.00         | 0.00         | 0.00         | 0.00         | 0              |
| Closing Defined Benefit Obligation                               | <b>563.27</b> | <b>7.59</b> | <b>3.822</b> | <b>8.100</b> | <b>0.848</b> | <b>11.03</b> | <b>594.660</b> |

#### Changes to the Fair Value of Assets during the Accounting Period

| Restated Year ended<br>31/03/22                     | Funded        |                   |              |              |              | Unfunded | Total          |
|---|---------------|-------------------|--------------|--------------|--------------|----------|----------------|
|   | Vale          | Foundation School | CSC          | SRS          | VVC          |          |                |
|   | £M's          | £M's              | £M's         | £M's         | £M's         | £M's     | £M's           |
| <b>Opening Fair Value of Assets</b>                 | <b>465.33</b> | <b>6.03</b>       | <b>4.878</b> | <b>6.229</b> | <b>0.635</b> | <b>0</b> | <b>483.112</b> |
| Interest Income on Assets                           | 9.79          | 0.13              | 0.103        | 0.133        | 0.014        | 0        | 10.17          |
| Remeasurement gains/ (losses) on Assets             | 21.79         | 0.53              | 0.014        | 0.300        | 0.030        | 0        | 22.664         |
| Contributions by the Employer                       | 14.11         | 0.28              | 0.034        | 0.265        | 0.044        | 1.13     | 15.863         |
| Contributions by Participants                       | 4.09          | 0.08              | 0.046        | 0.082        | 0.013        | 0        | 4.312          |
| Net Benefits Paid Out                               | (16.49)       | (0.1)             | (0.049)      | (0.047)      | (0.012)      | (1.13)   | (17.828)       |
| Net increase in assets from disposals/ acquisitions | 0             | 0                 | 0.00         | 0.00         | 0.00         | 0        | 0.00           |
| Settlements   | 0             | 0                 | 0.00         | 0.00         | 0.00         | 0        | 0.00           |
| <b>Closing Fair Value of Assets</b>                 | <b>498.62</b> | <b>6.95</b>       | <b>5.026</b> | <b>6.962</b> | <b>0.735</b> | <b>0</b> | <b>518.293</b> |



| Year ended 31/03/23                                 | Funded        |                   |              |              |              | Unfunded | Total          |
|---|---------------|-------------------|--------------|--------------|--------------|----------|----------------|
|   | Vale          | Foundation School | CSC          | SRS          | VVC          |          |                |
|   | £M's          | £M's              | £M's         | £M's         | £M's         |          |                |
| <b>Opening Fair Value of Assets</b>                 | <b>498.62</b> | <b>6.95</b>       | <b>5.025</b> | <b>6.965</b> | <b>0.734</b> | <b>0</b> | <b>518.274</b> |
| Interest Income on Assets                           | 13.49         | 0.19              | 0.136        | 0.193        | 0.021        | 0        | 14.030         |
| Remeasurement gains/ (losses) on Assets             | (3.83)        | (0.35)            | (0.517)      | (0.084)      | (0.041)      | 0        | (4.822)        |
| Contributions by the Employer                       | 15.950        | 0.3               | 0.041        | 0.283        | 0.047        | 1.14     | 17.761         |
| Contributions by Participants                       | 4.650         | 0.09              | 0.055        | 0.088        | 0.014        | 0        | 4.897          |
| Net Benefits Paid Out                               | (18.74)       | (0.14)            | (0.069)      | (0.053)      | (0.006)      | (1.14)   | (20.148)       |
| Net increase in assets from disposals/ acquisitions | 0             | 0                 | 0.00         | 0.00         | 0.00         | 0        | 0.00           |
| Settlements   | 0             | 0                 | 0.00         | 0.00         | 0.00         | 0        | 0.00           |
| <b>Closing Fair Value of Assets</b>                 | <b>510.14</b> | <b>7.04</b>       | <b>4.671</b> | <b>7.392</b> | <b>0.769</b> | <b>0</b> | <b>530.012</b> |

#### Actual Return on Assets

| Restated Year ended 31/03/22            | Funded       |                   |              |              |              | Total         |
|---|--------------|-------------------|--------------|--------------|--------------|---------------|
|   | Vale         | Foundation School | CSC          | SRS          | VVC          |               |
|   | £M's         |                   |              |              |              |               |
| Interest Income on Assets               | 9.79         | 0.13              | 0.102        | 0.133        | 0.014        | 10.169        |
| Remeasurement gains/ (losses) on Assets | 21.79        | 0.53              | 0.014        | 0.300        | 0.030        | 22.664        |
| <b>Actual Return on Assets</b>          | <b>31.58</b> | <b>0.66</b>       | <b>0.116</b> | <b>0.433</b> | <b>0.044</b> | <b>32.833</b> |

| Year ended 31/03/23                     | Funded      |                   |                |              |                | Total        |
|---|-------------|-------------------|----------------|--------------|----------------|--------------|
|   | Vale        | Foundation School | CSC            | SRS          | VVC            |              |
|   | £M's        |                   |                |              |                |              |
| Interest Income on Assets               | 13.49       | 0.19              | 0.136          | 0.193        | 0.021          | 14.030       |
| Remeasurement gains/ (losses) on Assets | (3.83)      | (0.35)            | (0.517)        | (0.84)       | (0.041)        | (4.822)      |
| <b>Actual Return on Assets</b>          | <b>9.66</b> | <b>(0.16)</b>     | <b>(0.381)</b> | <b>0.109</b> | <b>(0.020)</b> | <b>9.208</b> |

## Sensitivity Analysis of Projected Service Costs 2022/23

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Projected service cost in the sensitivity analysis below is the projected service cost for the period ending 31st March 2024.

The Sensitivity Analysis is only shown below relating to the main Vale of Glamorgan LGPS pension fund however a similar analysis have been compiled as part of the actuarial report for each pension fund that has been consolidated as part of these accounts.

### Discount rate assumption

| Adjustment to discount rate                   | +0.1% p.a. | Base figure | -0.1% p.a. |
|---|------------|-------------|------------|
| Present value of total obligation (£M)        | 553.69     | 563.27      | 572.85     |
| % change in present value of total obligation | -1.7%      |             | 1.7%       |
| Projected service cost (£M)                   | 15.32      | 15.93       | 16.55      |
| Approx. % change in projected service cost    | -3.8%      |             | 3.9%       |

### Rate of general increase in salaries

| Adjustment to salary increase rate            | +0.1% p.a. | Base figure | -0.1% p.a. |
|---|------------|-------------|------------|
| Present value of total obligation (£M)        | 564.40     | 563.27      | 562.14     |
| % change in present value of total obligation | 0.2%       |             | -0.2%      |
| Projected service cost (£M)                   | 15.93      | 15.93       | 15.93      |
| Approx. % change in projected service cost    | 0.0%       |             | 0.0%       |

### Rate of increase to pensions and rate of revaluation of pension accounts

| Adjustment to pension increase rate           | +0.1% p.a. | Base figure | -0.1% p.a. |
|---|------------|-------------|------------|
| Present value of total obligation (£M)        | 571.72     | 563.27      | 554.82     |
| % change in present value of total obligation | 1.5%       |             | -1.5%      |
| Projected service cost (£M)                   | 16.55      | 15.93       | 15.32      |
| Approx. % change in projected service cost    | 3.9%       |             | -3.8%      |

### Post retirement mortality assumption\*

| Adjustment to mortality age rating assumption | -1 year | Base figure | +1 year |
|---|---------|-------------|---------|
| Present value of total obligation (£M)        | 578.48  | 563.27      | 548.06  |
| % change in present value of total obligation | 2.7%    |             | -2.7%   |
| Projected service cost (£M)                   | 16.49   | 15.93       | 15.37   |
| Approx. % change in projected service cost    | 3.5%    |             | -3.5%   |

\*A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

### Teacher's Pension Scheme

The total employer contributions to the Teacher's Pension Scheme in 2022/23 made by the Council were £14.081m. This includes contributions for Teachers appointed by the Governing body. The total employer contributions to the Teacher's Pension Scheme in 2021/22 made by the Council were £13.049m.

A notional fund is used as the basis for calculating the employer's contribution rate paid by local authorities and valuations of the notional fund are undertaken every four years. This scheme is administered by the Teachers' Pensions Agency (TPA). No liability for future payments of these benefits is recognised in the Council's Balance Sheet.

It is projected that the total employer contributions to the Teacher's Pension Scheme in 2023/24 will be approximately £14.873m.

## 39. Contingent Liabilities

### Municipal Mutual Insurance Ltd. (MMI)

Municipal Mutual Insurance (MMI) was the main insurer of the public sector prior to it closing its insurance business in 1992. A scheme is in place for any liabilities still outstanding from historic insurance with MMI and therefore a provision has been included in the accounts. Any increase in claims could lead to a further levy being imposed on the Authority by the administrator of MMI in the future; provision for any sum due will be made once such an event becomes likely and can be reasonably assessed. The scheme administrator regularly reviews the scheme and any significant changes in the financial position may lead to a further clawback.

### BFCC Pension Liability

The Council has agreed to guarantee the opening pension liability as shown on the BFCC accounts, this is because the liability relates to its' former employees and the opening deficit is approximately equivalent to a gain shown against the Council's settlement for BFCC. Any additional deficit should be recovered as part of the pension contribution rate set as part of the next triennial actuarial valuation.

#### 40. 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. The Council has approved the Annual Treasury Management Strategy which includes policies on risk management.

##### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently and comply with the credit rating as set out in the Treasury Management and Investment Strategy Statement. The Authority's internally managed investments complied with this strategy statement in 2022/23 and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority has a cautious approach to risk, with its priority to safeguard capital. During 2021/22 and 2022/23 investments were made with the Debt Management Account Deposit Facility which is guaranteed by the UK Government and UK Local Authorities. The maximum investment sum per Local Authority was £5M and the maximum investment period was 12 months. The Authority also utilised Money Market Funds and Call Accounts with Lloyds (the Council's bankers). Notice Accounts with Santander were introduced during 2021/22. The maximum investment sum with UK institutions was £10m. The investment position at 31<sup>st</sup> March 2023 is set out below;

|   | 31 March 2022 | 31 March 2023 |
|---|---------------|---------------|
|   | £'000         | £'000         |
| UK Debt Management Account Deposit Facility | 26,650        | 27,400        |
| UK Local Authorities                        | 55,500        | 47,250        |
| Federated Hermes Money Market Fund          | 100           | 8,250         |
| CCLA Money Market Fund                      | 4,100         | 0             |
| Treasury Bills                              | 6,500         | 9,000         |
| Lloyds Instant Access Deposit Account       | 10            | 2,000         |

|  |               |               |
|--|---------------|---------------|
| Lloyds Monthly Bonus Deposit Account                     | 10            | 10            |
| Santander Notice Accounts                                | 750           | 10            |
| <b>Total</b>   | <b>93,620</b> | <b>93,920</b> |
| Reconciliation of Investment Balances                    |               |               |
| Short Term Investment                                    | 82,200        | 82,900        |
| Overnight Investments shown as Cash and Cash Equivalents | 11,420        | 11,020        |
| <b>Total</b>   | <b>93,620</b> | <b>93,920</b> |
| Short Term Investment Accrued Interest                   | 8             | 455           |
| Short Term Investment Joint Committees                   | 254           | 254           |
|  | <b>93,882</b> | <b>94,629</b> |

### Liquidity Risk

As the Authority has ready access to borrowings from the money markets and the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. When the Authority borrows money the maturity date determined for the loan is considered on each occasion.

The Authority has one loans of £4M in respect of LOBOs (Lenders Option Borrowers Option). The Lender can increase the interest rate by giving a set period of notice before the interest payment dates in each year, it would then be for the Authority to decide whether to accept the increase or repay the loan. The £4M loan has a full term maturity date of 24<sup>th</sup> February 2054. The maturity analysis of financial liabilities is as follows:

|                            | 31 March 2022  | 31 March 2023  |
|----------------------------|----------------|----------------|
|                            | £'000          | £'000          |
| Less than one year         | 9,163          | 10,171         |
| Between one and two years  | 9,902          | 7,961          |
| Between two and five years | 23,145         | 23,869         |
| More than five years       | 112,445        | 106,481        |
| <b>Total</b>               | <b>154,655</b> | <b>148,482</b> |

### Market Risk

#### Interest Rate Risk

The Authority is exposed to significant 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 liabilities borrowings will fall;
- Investments at variables 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 total Government Grant Support receivable by the Authority for future years is indicative only and therefore no amount has been included for this in the table.

The Treasury Management Strategy Statement includes a section on borrowings and the Head of Finance (Section 151 Officer) will monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

|  | £'000        |
|--|--------------|
| Increase in interest payable on variable rate borrowings   | 41           |
| Increase in interest receivable on variable rate investments   | (412)        |
| Increase in government grant receivable for financing costs  | 0            |
| <b>Impact on (Surplus) or Deficit on the Provision of Services</b>   | <b>(371)</b> |
| Share of overall impact credited to the HRA  | (146)        |
| Decrease in fair value of fixed rate investment assets   | 0            |
| Impact on Other Comprehensive Income and Expenditure   | 0            |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | (11,545)     |

To compile the above analysis the Council reviews the following;

- The interest chargeable on LOBO's and other variable rate loans.
- The interest received on investment income in 2022/23.
- Information provided by the Treasury Management Advisor on the projected decrease in fair value of fixed rate borrowings liabilities.

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

## The Housing Revenue Account

### Housing Revenue Account Income and Expenditure Account

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

| 2021/22         |  | 2022/23  | 2022/23         |
|-----------------|--|----------|-----------------|
| £'000           |  | £'000    | £'000           |
|                 | <b>Expenditure</b>   |          |                 |
| 3,871           | Repairs and Maintenance  | 4,514    |                 |
| 5,469           | Supervision and Management   | 6,083    |                 |
| 209             | Rents, Rates, Taxes, & Other Charges   | 170      |                 |
| (6,575)         | Revaluation charged to CIES  | 3,724    |                 |
| 1,453           | Non-Current Assets Depreciation /Impairment  | 1,583    |                 |
| 39              | Debt Management Costs  | 40       |                 |
| 180             | Increase in Provision for Bad and Doubtful Debts   | 319      |                 |
| 934             | Revenue Expenditure Funded from Capital Under Statute  | 1,167    |                 |
| <b>5,580</b>    | <b>Total Expenditure</b>   |          | <b>17,600</b>   |
|                 | <b>Income</b>  |          |                 |
| (20,620)        | Dwelling Rents   | (21,286) |                 |
| (153)           | Non Dwelling Rents   | (156)    |                 |
| (557)           | Charges for Services and Facilities  | (685)    |                 |
| (243)           | Contributions towards expenditure  | (294)    |                 |
| (379)           | Grant Income   | (290)    |                 |
| <b>(21,952)</b> | <b>Total Income</b>  |          | <b>(22,711)</b> |
| <b>(16,372)</b> | <b>Net Expenditure of HRA Services as Included in the Whole Authority CIES</b>   |          | <b>(5,112)</b>  |
| 0               | HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services |          | 0               |
| <b>(16,372)</b> | <b>Net Expenditure of HRA Services</b>   |          | <b>(5,112)</b>  |
|                 | HRA share of the operating income and expenditure included in the CIES   |          |                 |
| 0               | (Gain)/ loss on sale of HRA assets   |          | (1,351)         |
| 2,879           | Interest payable and similar charges   |          | 3,120           |
| (20)            | Interest and Investment Income   |          | (456)           |
| 139             | Interest on net defined benefit liability/ (asset)   |          | 145             |
| (7,355)         | Capital Grants   |          | (6,958)         |
| <b>(20,729)</b> | <b>(Surplus) or deficit for the year on HRA services</b>   |          | <b>(10,612)</b> |

## Movement on the HRA Statement

| 2021/22         |   | 2022/23         |
|-----------------|---|-----------------|
| £'000           |   | £'000           |
| (12,000)        | <b>Balance on the HRA at the end of the previous year</b>                     | <b>(17,439)</b> |
| (20,729)        | (Surplus) or deficit for the year on the HRA Income and Expenditure Statement | (10,611)        |
| 15,290          | Adjustments between accounting basis and funding basis under statute          | 11,564          |
| <b>(5,439)</b>  | <b>Increase/(Decrease) during the financial year</b>                          | <b>(953)</b>    |
| <b>(17,439)</b> | <b>Balance on the HRA at the end of the current year</b>                      | <b>(16,486)</b> |

## Note to the Statement of Movement on the HRA Balance

### Adjustments between Accounting Basis and Funding Basis under Statute

|   | 2021/22       | 2022/23       |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Revaluation Loss/ Gain on Property, Plant and Equipment       | 6,574         | (3,724)       |
| Charges for depreciation and Impairment of Non Current Assets | (1,453)       | (1,583)       |
| Capital Grants and Contributions                              | 7,355         | 6,957         |
| Statutory Provision for the Financing of Capital Investment   | 1,601         | 1,618         |
| Revenue Expenditure Funded from Capital Under Statute         | (934)         | (1,167)       |
| Capital Expenditure charged against HRA                       | 2,701         | 8,696         |
| Gains / (Losses) on sales of non current assets               | 0             | 1,351         |
| Pensions Reserve  | (554)         | (574)         |
| Accumulated Absences  | 0             | (11)          |
| <b>Total Adjustments</b>                                      | <b>15,290</b> | <b>11,564</b> |

## Summary

The Housing Revenue Account revenue balance at 31<sup>st</sup> March 2023 was £16.486m.

### H1 Gross Dwelling Rent Income

This is the total dwelling rent income due for the year after allowance is made for voids. During the year 1.56% of the total dwelling rent due was uncollectable due to lettable properties being vacant; in 2021/22 the figure was 1.3%. Average dwelling rents were £105.82 a week in 2022/23 an increase of 2.95% over the previous year.



### H2 Rent Rebates

Assistance with rents is available under the Housing Benefit Scheme for those on low incomes. 48.45% of the Council's tenants receive some help with the costs of rent charges.

### H3 Housing Stock

Average Housing Stock over the past ten years is shown in the following table:

|         |       |
|---------|-------|
| 2013/14 | 3,940 |
| 2014/15 | 3,937 |
| 2015/16 | 3,930 |
| 2016/17 | 3,909 |
| 2017/18 | 3,891 |
| 2018/19 | 3,883 |
| 2019/20 | 3,868 |
| 2020/21 | 3,894 |
| 2021/22 | 3,916 |
| 2022/23 | 3,940 |

The numbers and types of dwelling at 31<sup>st</sup> March for the past two years are shown below:

| Number of Dwellings by Type | At 31 <sup>st</sup> March 2022 | At 31 <sup>st</sup> March 2023 | Additions 2022/23 | Disposals 2022/23 |
|-----------------------------|--------------------------------|--------------------------------|-------------------|-------------------|
| 1 Bedroom Houses            | 0                              | 0                              | 0                 | 0                 |
| 2 Bedroom Houses            | 322                            | 341                            | 19                | 0                 |
| 3 Bedroom Houses            | 1,558                          | 1,562                          | 4                 | 0                 |
| 4 or more Bedroom Houses    | 87                             | 87                             | 0                 | 0                 |
| 1 Bedroom Bungalows         | 272                            | 272                            | 0                 | 0                 |
| 2 Bedroom Bungalows         | 72                             | 72                             | 0                 | 0                 |
| 3 Bedroom Bungalows         | 33                             | 33                             | 0                 | 0                 |
| 4 or more Bedroom Bungalows | 2                              | 2                              | 0                 | 0                 |
| 1 Bedroom Flats             | 875                            | 875                            | 0                 | 0                 |
| 2 Bedroom Flats             | 587                            | 588                            | 1                 | 0                 |
| 3 Bedroom Flats             | 93                             | 93                             | 0                 | 0                 |
| Other – Hostel              | 15                             | 15                             | 0                 | 0                 |
| <b>Total</b>                | <b>3,916</b>                   | <b>3,940</b>                   | <b>24</b>         | <b>0</b>          |

The change in stock can be summarised as follows:-

|   |              |
|---|--------------|
| <b>Housing Stock 31<sup>st</sup> March 2022</b> | <b>3,916</b> |
| Less: Sold                                      | 0            |
| Change of Use                                   | 0            |
| New Build                                       | 24           |

|   |              |
|---|--------------|
| <b>Housing Stock 31<sup>st</sup> March 2023</b> | <b>3,940</b> |
|---|--------------|

#### H4 Rent Arrears

During the year 2022/23 rent arrears as a proportion of gross rent income was 10.23% of the amount due, compared to 8.67% in 2021/22. The figures are as follows: -

|                                   | <b>2021/22</b> | <b>2022/23</b> |
|-----------------------------------|----------------|----------------|
|                                   | <b>£'000</b>   | <b>£'000</b>   |
| Arrears at 31 <sup>st</sup> March | 2,032          | 2,485          |

Amounts written off during the year amounted to £1k. The aggregate provision in respect of uncollectable rent and other housing debts is £1.746m (£1.425m in 2021/22).

#### H5 Sale of Council Dwellings/ Administration Costs

There were no sale of council dwellings during the year. The right to buy scheme was abolished on 26<sup>th</sup> January 2019.

#### H6 Water Rates

Total monies collected in respect of water rates were £1.672m (£1.582m in 2021/22). Commission earned on this for 2022/23 was £214k (£183k in 2021/22).

#### H7 Capital Expenditure

Capital Expenditure of £22.369m has been spent in 2022/23 improving Council Dwellings and building new Council Dwellings, this Capital Expenditure has been taken into account at arriving at the Council Dwellings valuation.

#### H8 Capital Funding

|  | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Unsupported Borrowing                          | 0              | 0              |
| Supported Borrowing – Affordable Housing Grant | 0              | 0              |
| Usable Capital Receipts                        | 0              | 2,090          |
| Revenue Contributions                          | 2,676          | 8,725          |
| Major Repairs Reserve                          | 2,770          | 2,773          |
| Non HRA Reserve                                | 25             | 16             |
| Section 20 contributions                       | 662            | 248            |
| Other Capital Grants                           | 3,923          | 4,169          |
| <b>Total</b>                                   | <b>10,056</b>  | <b>18,021</b>  |

#### H9 Assets - Depreciation / Impairment

The charge is broken down as follows:-

| Council Dwellings                        | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Depreciation of Dwellings                | 1,341          | 1,404          |
| Depreciation of Other Land and Buildings | 108            | 113            |
| Depreciation of Equipment                | 4              | 26             |

|              |              |              |
|--------------|--------------|--------------|
| Impairment   | 0            | 0            |
| <b>Total</b> | <b>1,453</b> | <b>1,543</b> |

Council Dwellings / Other are included in note 15 to the main accounts, Property, Plant and Equipment.

#### **H10 Pension Reserve**

Staff that are employed within the HRA are included in the Vale of Glamorgan Council's share of the Cardiff and Vale of Glamorgan Pension Fund and therefore a proportion of the actuarial adjustments are included in the HRA accounts.

The impact of the principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for IAS 19 are shown below.

|  | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| IAS 19 Adjustment                                  | 415            | 429            |
| Interest on net defined benefit liability/ (asset) | 139            | 145            |
| <b>Contribution from Pension Reserve</b>           | <b>554</b>     | <b>574</b>     |

#### **H11 Major Repairs Allowance**

The Major Repairs Allowance is a grant provided by the Welsh Government and is used to fund capital expenditure in the Housing Revenue Account.

|  | <b>2021/22</b> | <b>2022/23</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Opening Balance brought forward</b> | <b>0</b>       | <b>0</b>       |
| Grant Received in Year                 | 2,770          | 2,773          |
| Grant Utilised in Year                 | (2,770)        | (2,773)        |
| <b>Closing Balance Carried Forward</b> | <b>0</b>       | <b>0</b>       |

## Trust Funds

### Welsh Church Acts

The Council is sole trustee of this Fund which was set up on the disestablishment of The Church in Wales. Funds generated from investments and property rents are disbursed in the form of grants to deserving causes on the basis of applications considered by the Welsh Church Act Estate Committee.

|                  | Balance at<br>31 March<br>2022 | Acquisitions<br>/ Disposals | Revaluation | Surplus/<br>(Deficit) | Balance at<br>31 March<br>2023 |
|------------------|--------------------------------|-----------------------------|-------------|-----------------------|--------------------------------|
|                  | £'000                          | £'000                       | £'000       | £'000                 | £'000                          |
| Accumulated Fund | 5,245                          | 0                           | (99)        | 12                    | 5,158                          |

The non-current assets of the fund are included at their 31 March 2023 value. The external investments held by the fund are included at their fair value at 31 March 2023.

The Welsh Church Acts fund although not audited as part of the Council audit, will be subject to independent examination by Audit Wales.

## **Group Accounts Vale of Glamorgan Council and Big Fresh Catering Company**

### **Introduction**

The 2020/21 Local Authority Accounting Code requires the consolidation of material interests on subsidiaries into group accounts in addition to the preparation of single entity accounts.

The Big Fresh Catering Company (BFCC) is a Local Authority Owned Trading Company that was established on 1<sup>st</sup> January 2020, the principle purpose of the organization is the provision of school meals and other catering services. The Council is the sole shareholder and its shares in the company are valued at £1. The accounts for the Big Fresh Catering Company have been prepared for the period ended 31<sup>st</sup> March 2023. At the date of authorising these draft accounts, the audit of the BFCC accounts has been undertaken and is substantially complete but not finalised therefore the accounts remain in draft status.

During the period a board of directors has been established made up of a number of Council Officers and Members. Due to the accounting requirements for Local Government Pension Schemes the organisation is showing a deficit on the accounts for the period. In practice this deficit is underwritten by the Council and steps to set a contribution rate that recover this deficit will be taken as part of the triennial actuarial valuation of the Pension Fund process.

### **Basis of Consolidation**

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Big Fresh Catering Company Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

The BFCC Accounts that have been consolidated into the Group Accounts reflect the 12 months of operation for the Trading Company.

### **Accounting Policies**

The accounts have been prepared in accordance with the accounting policies used in the preparation of the single entity accounts, the exceptions to this approach are detailed below.

#### **Value Added Tax**

VAT paid by BFCC is accounted for in the Group Comprehensive Income and Expenditure Statement to the extent that it is irrecoverable from HM Revenue and Customs.

## Group Accounts Comprehensive Income and Expenditure Statement

| Restated<br>2021/22 |                |                 | Expenditure on Services  | 2022/23        |                |                |
|---------------------|----------------|-----------------|--|----------------|----------------|----------------|
| Gross Expt.         | Income         | Net Expt.       |  | Gross Expt.    | Income         | Net Expt.      |
| £'000               | £'000          | £'000           |  | £'000          | £'000          | £'000          |
| 163,439             | 46,604         | 116,835         | Learning and Skills  | 174,475        | 45,591         | 128,884        |
| 101,315             | 31,459         | 69,856          | Social Services  | 106,709        | 23,375         | 83,334         |
| 60,464              | 25,327         | 35,137          | Visible and Housing Services   | 65,999         | 22,372         | 43,627         |
| 5,580               | 21,951         | (16,371)        | Housing Revenue Account (HRA)  | 17,599         | 22,710         | (5,111)        |
| 7,897               | 3,543          | 4,354           | Place  | 8,506          | 3,106          | 5,400          |
| 53,690              | 34,576         | 19,114          | Corporate Resources  | 57,556         | 33,637         | 23,919         |
| 6,000               | 2,844          | 3,156           | Policy   | 6,424          | 2,289          | 4,141          |
| 4,170               | 478            | 3,692           | Big Fresh Catering Company (BFCC)  | 5,873          | 146            | 5,726          |
| <b>402,555</b>      | <b>166,782</b> | <b>235,773</b>  | <b>Cost of Services</b>  | <b>443,141</b> | <b>153,226</b> | <b>289,914</b> |
|                     |                |                 | <b>Other operating expenditure</b>   |                |                |                |
| 3,174               | 0              | 3,174           | Town and Community Council Precepts  | 3,270          | 0              | 3,270          |
| 17,669              | 0              | 17,669          | South Wales Police Authority   | 18,724         | 0              | 18,724         |
| 6,743               | 0              | 6,743           | South Wales Fire Authority   | 6,918          | 0              | 6,918          |
| 106                 | 0              | 106             | Other Levies and Contributions   | 115            | 0              | 115            |
| 10,078              | 0              | 10,078          | (Gains)/losses on the disposal of non-current assets                                 | 4,338          | 0              | 4,338          |
|                     |                |                 | <b>Financing and investment income and expenditure</b>                               |                |                |                |
| 6,916               | 0              | 6,916           | Interest payable and similar charges   | 6,751          | 0              | 6,751          |
| 6,891               | 0              | 6,891           | Net interest on defined benefit liability  | 7,307          | 0              | 7,307          |
| 7                   | 0              | 7               | Revaluation of Investment Properties   | 205            | 0              | 205            |
| 0                   | 344            | (344)           | Interest receivable and other income   | 88             | 1,882          | (1,794)        |
|                     |                |                 | <b>Taxation and non-specific grant income</b>  |                |                |                |
| 0                   | 95,022         | (95,022)        | Council Tax income (Note 13)   | 0              | 98,494         | (98,494)       |
| 0                   | 43,918         | (43,918)        | Non domestic rates (Note 14)   | 0              | 47,950         | (47,950)       |
| 0                   | 126,846        | (126,846)       | Revenue Support grants   | 0              | 138,065        | (138,065)      |
| 0                   | 1,249          | (1,249)         | Council Tax grant  | 0              | 0              | 0              |
| 149                 | 0              | 149             | Deferred Tax   | 0              | 104            | (104)          |
| 0                   | 31             | (31)            | Corporation Tax (Note G16)   | 0              | 0              | 0              |
| 0                   | 54,885         | (54,885)        | Capital grants and contributions   | 0              | 54,774         | (54,774)       |
| <b>454,288</b>      | <b>489,077</b> | <b>(34,789)</b> | <b>(Surplus) or Deficit on the Provision of Services</b>                             | <b>490,857</b> | <b>494,495</b> | <b>(3,639)</b> |
|                     |                | (44,323)        | (Surplus)/Deficit on revaluation of non current assets (Note 15)                     |                |                | (23,157)       |
|                     |                | 0               | Impairment losses on non current assets charged to the Revaluation Reserve (Note 15) |                |                | 31             |

|  |                  |  |  |  |                  |
|--|------------------|--|--|--|------------------|
|  | (81,297)         | Remeasurements of the net defined benefit liability/(asset) (Note G14) |  |  | (240,249)        |
|  | 0                | Income Tax Relating to Other Comprehensive Income                      |  |  | 735              |
|  | <b>(125,620)</b> | <b>Other Comprehensive Income and Expenditure</b>                      |  |  | <b>(262,640)</b> |
|  | <b>(160,409)</b> | <b>Total Comprehensive Income and Expenditure</b>                      |  |  | <b>(266,279)</b> |

## Group Accounts Movement in Reserves Statement 2021/22 and 2022/23

| Movement in Reserves Statement   | Council Fund & Earmarked Reserves | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Group Entity Unusable Reserves | Total Group Reserves |
|--|-----------------------------------|-------------------------|--------------------------|----------------------------------|-----------------------|-------------------|--------------------------------|----------------------|
|  | £'000                             | £'000                   | £'000                    | £'000                            | £'000                 | £'000             | £'000                          | £'000                |
| <b>Balance as at 31<sup>st</sup> March 2021</b>                                    | <b>92,245</b>                     | <b>12,000</b>           | <b>13,392</b>            | <b>6,008</b>                     | <b>123,645</b>        | <b>210,282</b>    | <b>(2,096)</b>                 | <b>331,831</b>       |
| Total Comprehensive Income and Expenditure   | 14,287                            | 20,728                  | 0                        | 0                                | 35,015                | 124,509           | 885                            | 160,409              |
| Adjustments between accounting basis and funding basis under regulations (Note 10) | 4,235                             | (15,289)                | (1,548)                  | (1,457)                          | (14,059)              | 14,059            | 0                              | 0                    |
| <b>Increase/(Decrease) in 2021/22</b>  | <b>18,522</b>                     | <b>5,439</b>            | <b>(1,548)</b>           | <b>(1,457)</b>                   | <b>20,956</b>         | <b>138,568</b>    | <b>885</b>                     | <b>160,409</b>       |
| <b>Balance as at 31<sup>st</sup> March 2022</b>                                    | <b>110,767</b>                    | <b>17,439</b>           | <b>11,844</b>            | <b>4,551</b>                     | <b>144,601</b>        | <b>348,850</b>    | <b>(1,211)</b>                 | <b>492,240</b>       |
| Total Comprehensive Income and Expenditure   | (6,494)                           | 10,611                  | 0                        | 0                                | 4,117                 | 260,435           | 1,727                          | 266,279              |
| Adjustments between accounting basis and funding basis under regulations (Note 10) | (7,885)                           | (11,564)                | (1,210)                  | 2,878                            | (17,781)              | 17,781            | 0                              | 0                    |
| <b>Increase/(Decrease) in 2022/23</b>  | <b>(14,379)</b>                   | <b>(953)</b>            | <b>(1,210)</b>           | <b>2,878</b>                     | <b>(13,664)</b>       | <b>278,216</b>    | <b>1,727</b>                   | <b>266,279</b>       |
| <b>Balance as at 31<sup>st</sup> March 2023</b>                                    | <b>96,388</b>                     | <b>16,486</b>           | <b>10,634</b>            | <b>7,429</b>                     | <b>130,937</b>        | <b>627,066</b>    | <b>516</b>                     | <b>758,519</b>       |

## Group Accounts Balance Sheet

| 31 March<br>2022 |  | Notes | 31 March<br>2023 |
|------------------|--|-------|------------------|
| £'000            |  |       | £'000            |
| 822,258          | Property, Plant and Equipment                    | G7    | 887,513          |
| 2,454            | Joint Committee Investment Properties            | 33    | 5,390            |
| 170              | Equity   |       | 636              |
| 352              | Intangible Assets                                |       | 323              |
| 2                | Long Term Investments                            | 19    | 2                |
| 685              | Deferred Tax Asset                               |       | 0                |
| 2,880            | Long Term Debtors                                | 19    | 6,064            |
| <b>828,801</b>   | <b>Long Term Assets</b>                          |       | <b>899,928</b>   |
| 82,462           | Short Term Investment                            | 19    | 83,729           |
| 0                | Assets Held for Sale                             | 17    | 0                |
| 1,238            | Inventories                                      |       | 1,390            |
| 113              | Deferred Tax Asset                               |       | 152              |
| 76,758           | Short Term Debtors                               | G9    | 61,240           |
| 21,904           | Cash and Cash Equivalents                        | G10   | 21,223           |
| <b>182,475</b>   | <b>Current Assets</b>                            |       | <b>167,734</b>   |
| 9,163            | Short Term Borrowing                             | 19    | 11,267           |
| 50,301           | Short Term Creditors                             | G11   | 58,756           |
| 1,611            | Provisions (Short Term)                          | 0     | 1,664            |
| 596              | Donated Inventory Account                        |       | 622              |
| 13,410           | Grants Receipts in Advance – Capital             | 0     | 9,768            |
| <b>75,081</b>    | <b>Current Liabilities</b>                       |       | <b>82,077</b>    |
| 501              | Provisions (Long Term)                           | 0     | 497              |
| 145,492          | Long Term Borrowing                              | 19    | 138,144          |
| 8,720            | Other Long Term Liabilities                      | 24    | 10,013           |
| 279,354          | Other Long Term Liabilities (Pensions)           | G14   | 65,122           |
| 9,888            | Grants Receipts in Advance - Capital (Long Term) | 0     | 13,290           |
| <b>443,955</b>   | <b>Long Term Liabilities</b>                     |       | <b>227,066</b>   |
| <b>492,240</b>   | <b>Net Assets</b>                                |       | <b>758,519</b>   |
| 144,601          | Usable Reserves                                  | 25    | 130,937          |
| 347,639          | Unusable Reserves                                | G13   | 627,582          |
| <b>492,240</b>   | <b>Total Reserves</b>                            |       | <b>758,519</b>   |



## Group Accounts Cash flow Statement

| 31 March<br>2022 |  | Notes | 31 March<br>2023 |
|------------------|--|-------|------------------|
| £'000            |  |       | £'000            |
| 34,789           | <b>Net surplus or (deficit) on the provision of services</b>   |       | 3,639            |
| 47,010           | Adjustments to net surplus or deficit on the provision of services for non-cash movements  | G15   | 67,280           |
|                  | <b>Adjustments for items that are investing and financing activities</b>   |       |                  |
| (1,098)          | Proceeds from the sale of property, plant and equipment and intangible assets.   |       | (2,494)          |
| (56,342)         | Any items which the cash effects are investing or financing cashflows  |       | (51,894)         |
| (57,440)         | <b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b> |       | (54,388)         |
| 24,359           | <b>Net cash flows from Operating Activities</b>  |       | 16,531           |
|                  | <b>Investing Activities</b>  |       |                  |
| (59,210)         | Purchase of property, plant and equipment and intangible assets.   |       | (77,640)         |
| 248              | Proceeds from the sale of property, plant and equipment and intangible assets.   |       | 3,344            |
| (13,477)         | Purchase of short term/long term investments   |       | (866)            |
| (3,133)          | Other payments for investing activities  |       | (240)            |
| (0)              | Proceeds from short term/long term investments   |       | (0)              |
| 43,363           | Other Receipts from Investing Activities   |       | 59,370           |
| (32,209)         | <b>Net Cashflow from Investing Activities</b>  |       | (16,032)         |
|                  | <b>Financing Activities</b>  |       |                  |
| 611              | Repayments of Short and Long Term Borrowing  |       | (5,140)          |
| 1,417            | Other Payments for Financing Activities  |       | 3,960            |
| 2,028            | <b>Net cash flows from Financing Activities</b>  |       | (1,180)          |
| (5,822)          | <b>Net increase or decrease in cash and cash equivalents</b>   |       | (681)            |
| 27,726           | <b>Cash and cash equivalents at the beginning of the reporting period</b>  |       | 21,904           |
| 21,904           | <b>Cash and cash equivalents at the end of the reporting period</b>  |       | 21,223           |

## Group Accounts Notes to the Financial Statements

The following notes to the Financial Statements have been adjusted to include details relating to the Vale of Glamorgan Council and The Big Fresh Catering Company (BFCC) as a group.

### G1. Employee Emoluments Remuneration over £60k

| Remuneration Band | 2022/23 Number of Teaching Employees | 2022/23 Number of Non Teaching Employees | 2022/23 Number of BFCC Employees | 2022/23 Total Number of Employees |
|-------------------|--------------------------------------|--|----------------------------------|-----------------------------------|
| £60,000-£64,999   | 24                                   | 22                                       | 0                                | 46                                |
| £65,000-£69,999   | 23                                   | 2  | 1                                | 26                                |
| £70,000-£74,999   | 13                                   | 0  | 0                                | 13                                |
| £75,000-£79,999   | 13                                   | 2  | 0                                | 15                                |
| £80,000-£84,999   | 6                                    | 6  | 0                                | 12                                |
| £85,000-£89,999   | 3                                    | 2  | 0                                | 5                                 |
| £90,000-£94,999   | 2                                    | 2  | 0                                | 4                                 |
| £95,000-£99,999   | 0                                    | 2  | 0                                | 2                                 |
| £100,000-£104,999 | 3                                    | 0  | 0                                | 3                                 |
| £105,000-£109,999 | 0                                    | 3  | 0                                | 3                                 |
| £110,000-£114,999 | 0                                    | 0  | 0                                | 0                                 |
| £115,000-£119,999 | 0                                    | 0  | 0                                | 0                                 |
| £120,000-£124,999 | 2                                    | 0  | 0                                | 2                                 |
| £125,000-£129,999 | 0                                    | 0  | 0                                | 0                                 |
| £130,000-£134,999 | 0                                    | 0  | 0                                | 0                                 |
| £135,000-£139,999 | 2                                    | 0  | 0                                | 2                                 |
| £140,000-£144,999 | 0                                    | 1  | 0                                | 1                                 |
| £145,000-£149,999 | 1                                    | 0  | 0                                | 1                                 |
| <b>Total</b>      | <b>92</b>                            | <b>42</b>                                | <b>1</b>                         | <b>135</b>                        |

The Directors of BFCC during the accounting period are set out below. With the exception of the Managing Director post Directors did not receive any additional remuneration in excess of the amount disclosed in the Single Entity Accounts for their roles in the BFCC. The Managing Director of BFCC is a remunerated post and is included in the table above.

| Director  | Date Appointed |
|---|----------------|
| Head of Strategy, Community Learning and Resources            | 11/09/2019     |
| Cllr Rhiannon Birch (Cabinet Member for Learning and Culture) | 01/06/2022     |
| Head of Sully Primary School                                  | 31/01/2022     |

|                         |            |
|-------------------------|------------|
| Head of St Richard Gwyn | 02/03/2023 |
| Managing Director BFCC  | 01/01/2020 |
| J J Sommerin            | 01/07/2021 |

## G2. Exit Payments

There are no Exit Payments in the Group other than those set out in Note 30 of the Single Entity accounts.

## G3. Members Allowances

The Members allowances for 2022/23 are as shown in Note 28 of the Single Entity Accounts.

## G4. Related Parties

The Related Party transactions are included in Note 35 of the Single Entity Accounts.

## G5. External Audit Costs

|  | Restated<br>2021/22 | 2022/23    |
|--|---------------------|------------|
|  | £'000               | £'000      |
| Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor. | 171                 | 197        |
| Fees payable to Audit Wales in respect of performance work   | 101                 | 106        |
| Fees payable to Audit Wales for the certification of grant claims and returns                            | 45                  | 60         |
| Fees payable in respect of other services provided by Audit Wales.                                       | 0                   | 0          |
| Fees payable in respect of External Audit of BFCC by Advantage Accountancy and Advisory Limited          | 10                  | 14         |
| <b>Total</b>   | <b>327</b>          | <b>377</b> |

## G6. Leases

There are no leases in the Group other than those shown in Notes 36 and 37 of the single entity accounts. The Catering Equipment leased to the BFCC by the Vale of Glamorgan in 2021/22 and 2022/23 has been excluded from the Group Accounts as an Intra-company transaction Note 37 is restated below to reflect this adjustment.

|                       | 2021/22 Land<br>and Buildings | 2021/22<br>Other Leases | 2022/23 Land<br>and Buildings | 2022/23<br>Other Leases |
|-----------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
|                       | £'000                         | £'000                   | £'000                         | £'000                   |
| Within 1 year         | 437                           | 0                       | 412                           | 0                       |
| Between 1 and 5 years | 1,244                         | 0                       | 1,182                         | 0                       |
| After 5 years         | 8,659                         | 0                       | 8,403                         | 0                       |
| <b>Total</b>          | <b>10,340</b>                 | <b>0</b>                | <b>9,997</b>                  | <b>0</b>                |

## G7. Property Plant and Equipment

In addition to the Property Plant and Equipment shown in Note 15 of the single entity accounts. The BFCC holds £16k of Equipment as a Tangible Asset.

| Summary of Property Plant and Equipment Group Accounts                    | Council Dwellings | Land & Buildings | Vehicle Plant & Equipment | Community Asset | Assets under Construction | Surplus Assets | Total    |
|---|-------------------|------------------|---------------------------|-----------------|---------------------------|----------------|----------|
|   | £'000             | £'000            | £'000                     | £'000           | £'000                     | £'000          | £'000    |
| Cost or Valuation as at 31 March 2022 Single Entity                       | 204,690           | 492,032          | 36,287                    | 3,868           | 39,831                    | 3,236          | 779,944  |
| BFCC Cost or Valuation  | 0                 | 0                | 25                        | 0               | 0                         | 0              | 25       |
| Cost or Valuation as at 31 March 2022 Group Accounts                      | 204,690           | 492,032          | 36,312                    | 3,868           | 39,831                    | 3,236          | 779,969  |
| Accumulated Depreciation and Impairment as at 31 March 2022 Single Entity | (1)               | (665)            | (18,211)                  | 0               | 0                         | (36)           | (18,913) |
| BFCC Accumulated Depreciation   | 0                 | 0                | (9)                       | 0               | 0                         | 0              | (9)      |
| Accumulated Depreciation and Impairment as at 31 March 2022 Group         | (1)               | (665)            | (18,220)                  | 0               | 0                         | (36)           | (18,922) |
| Net Book Value 2020/21  |                   |                  |                           |                 |                           |                |          |
|   | Council Dwellings | Land & Buildings | Vehicle Plant & Equipment | Community Asset | Assets under Construction | Surplus Assets | Total    |
| At 31 March 2023  | 204,689           | 491,367          | 18,092                    | 3,868           | 39,831                    | 3,200          | 761,047  |

| Reconciliation to Balance Sheet                  | 2022/23        |
|--|----------------|
|  | £'000          |
| Infrastructure Assets                            | 126,466        |
| Other Property, Plant and Equipment              | 761,047        |
| <b>Total Property Plant and Equipment Assets</b> | <b>887,513</b> |

## G8. Financial Instruments

The BFCC only invests in basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payables.

**G9. Debtors**

|                           | <b>31 March 2022</b> | <b>31 March 2023</b> |
|---------------------------|----------------------|----------------------|
|                           | <b>Restated</b>      |                      |
|                           | <b>£'000</b>         | <b>£'000</b>         |
| Central government bodies | 50,079               | 33,232               |
| Other local authorities   | 9,613                | 13,762               |
| NHS bodies                | 2,811                | 2,249                |
| Council Tax Payers        | 3,671                | 9,543                |
| General                   | 18,274               | 11,349               |
| Provision for Bad Debts   | (7,691)              | (8,895)              |
| <b>Total</b>              | <b>76,757</b>        | <b>61,240</b>        |

**G10. Cash and Cash Equivalents**

|  | <b>31/03/2022</b> | <b>31/03/2023</b> |
|--|-------------------|-------------------|
|  | <b>£'000</b>      | <b>£'000</b>      |
| Cash held by the Authority and at Bank | 3,777             | 4,103             |
| Joint Committee Cash                   | 5,783             | 4,429             |
| Short-term Investment                  | 11,420            | 11,020            |
| BFCC Cash                              | 924               | 1,671             |
| <b>Total Cash and Cash Equivalents</b> | <b>21,904</b>     | <b>21,223</b>     |

**G11. Creditors**

|                            | <b>31/3/2022</b> | <b>31 March 2023</b> |
|----------------------------|------------------|----------------------|
|                            | <b>£'000</b>     | <b>£'000</b>         |
| Central government bodies  | 11,484           | 6,434                |
| Other local authorities    | 13,052           | 10,270               |
| NHS bodies                 | 285              | 377                  |
| Prepayments of Council Tax | 1,208            | 1,226                |
| General                    | 17,409           | 35,198               |
| Receipts in advance        | 3,210            | 622                  |
| Accumulated absences       | 3,653            | 4,629                |
| <b>Total</b>               | <b>50,301</b>    | <b>58,756</b>        |

## G12. Provisions

|                                | Total Single Entity<br>£'000 | BFCC     | Total Group Provisions |
|--------------------------------|------------------------------|----------|------------------------|
| <b>Balance at 1 April 2022</b> | <b>2,108</b>                 | <b>4</b> | <b>2,112</b>           |
| Additional provisions made     | 49                           | 0        | 49                     |
| Amounts used / Transfer out    | 0                            | 0        | <b>0</b>               |
| <b>Balance at 1 April 2023</b> | <b>2,157</b>                 | <b>4</b> | <b>2,161</b>           |
| Short Term Provisions          | 1,660                        | 4        | <b>1,664</b>           |
| Long Term Provisions           | 497                          | 0        | <b>497</b>             |

## G13. Unusable Reserves

| Restated<br>31/03/22 |  | 31/03/23       |
|----------------------|--|----------------|
| £'000                |  | £'000          |
| 116,370              | Revaluation Reserve                      | 137,305        |
| 511,993              | Capital Adjustment Account               | 559,180        |
| (107)                | Financial Instruments Adjustment Account | (173)          |
| 861                  | Deferred Capital Receipts Reserve        | 11             |
| (276,615)            | Pensions Reserve                         | (65,122)       |
| (3,653)              | Accumulated Absences Account             | (4,627)        |
| (1,211)              | Group Entity BFCC Reserves               | 1,008          |
| <b>347,638</b>       | <b>Total Unusable Reserves</b>           | <b>627,582</b> |

## G14. Pension Assets and Liabilities

A summary of the various Joint Committees and Pension Fund Elements that make up the Pension Funding Liability included in the Group Accounts Balance Sheet is set out below.

| Pension Liability  | 31 March<br>2022 | 31 March<br>2023 |
|--|------------------|------------------|
|  | £'000            | £'000            |
| Vale of Glamorgan Council Pension (Liability)<br>Funded and Unfunded                       | (268,100)        | (64,160)         |
| Vale, Valleys and Cardiff Regional Adoption<br>Service Joint Committee Pension (Liability) | (532)            | (80)             |

|   |                  |                 |
|---|------------------|-----------------|
| Shared Regulatory Service Joint Committee Pension (Liability)       | (4,948)          | (709)           |
| Central South Consortium Joint Committee Pension Asset/(Liability)* | 125              | 869             |
| Foundation School Pension (Liability)                               | (3,160)          | (550)           |
| BFCC Pension Liability**  | (2,739)          | (492)           |
| <b>Total Pension Liability</b>                                      | <b>(279,354)</b> | <b>(65,122)</b> |

\*The administering body for the Central South Consortium Joint Committee Pension Fund is Rhondda Cynon Taf County Council.

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2024 are set out in the table below. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

|                        | Year ended 31 <sup>st</sup> March<br>2024<br>(£M) |
|------------------------|---|
| Single Entity Accounts | 15.707  |
| BFCC                   | 0.34  |
| <b>Total</b>           | <b>16.047</b>                                     |

There are no Unfunded Pensions in the Group Accounts other than those included in Note 38 of the Single Entity Accounts.

The assumptions for the Group Accounts are in line with those recorded in the Single Entity Accounts except where stated below.

| As at 31/03/22   | Vale of Glamorgan Single Entity Accounts | Big Fresh Catering Company | Total            |
|--|--|----------------------------|------------------|
|  | £M's                                     | £M's                       | £M's             |
| Fair Value of Assets                                       | 518.291                                  | 5.373                      | 523.664          |
| Present Value of Defined Benefit Obligation                | (794.895)                                | (8.112)                    | (803.007)        |
| <b>Funded/Unfunded status*</b>                             | <b>(276.605)</b>                         | <b>(2.739)</b>             | <b>(279.344)</b> |
| Impact of minimum funding requirement / asset ceiling      | 0  | 0                          | 0                |
| <b>Asset / (Liability) recognised on the Balance Sheet</b> | <b>(276.605)</b>                         | <b>(2.739)</b>             | <b>(279.344)</b> |

| As at 31/03/23   | Vale of Glamorgan Single Entity Accounts | Big Fresh Catering Company | Total           |
|--|--|----------------------------|-----------------|
|  | £M's                                     | £M's                       | £M's            |
| Fair Value of Assets                                       | 530.011                                  | 5.692                      | 535.703         |
| Present Value of Defined Benefit Obligation                | (594.639)                                | (6.184)                    | (600.823)       |
| <b>Funded/Unfunded status*</b>                             | <b>(64.628)</b>                          | <b>(0.492)</b>             | <b>(65.120)</b> |
| Impact of minimum funding requirement / asset ceiling      | 0  | 0                          | 0               |
| <b>Asset / (Liability) recognised on the Balance Sheet</b> | <b>(64.628)</b>                          | <b>(0.492)</b>             | <b>(65.120)</b> |

| Active Members      | Vale Funded | Vale Unfunded | Foundation School | SRS | RAS | BFCC |
|---------------------|-------------|---------------|-------------------|-----|-----|------|
|                     | %           | %             | %                 | %   | %   | %    |
| Active Members      | 41%         | 0             | 65%               | 78% | 61% | 79%  |
| Deferred Pensioners | 18%         | 0             | 10%               | 11% | 15% | 10%  |
| Pensioners          | 41%         | 100%          | 25%               | 11% | 24% | 11%  |

We do not have the split of membership for the CSC Joint Committee Pension

The duration of liabilities for the scheme members is set out below.

| Duration of liabilities | Vale of Glamorgan* | Foundation School | CSC | SRS  | RAS  | BFCC |
|-------------------------|--------------------|-------------------|-----|------|------|------|
| Liability in years      | 20.2               | 22.6              | n/a | 27.3 | 27.8 | 19.1 |



Breakdown of Amounts recognised in Surplus or Deficit on the Provision of Services and Other Comprehensive Income.

| For Year Ending 31/03/22   | £M's                   | £M's           | £M's                 |
|--|------------------------|----------------|----------------------|
|  | Single Entity Accounts | BFCC           | Total Group Pensions |
| Comprehensive Income and Expenditure   |                        |                |                      |
| Cost of Services   |                        |                |                      |
| Service Cost Comprising  |                        |                |                      |
| Current Service Cost*  | 33.363                 | 0.834          | 34.197               |
| Past Service Cost (including curtailments)   | 0.23                   | 0              | 0.23                 |
| (Gain)/Loss on Settlements   | 0                      | 0              | 0                    |
| Financing and Investment Income  |                        |                |                      |
| Net Interest Expense   | 6.826                  | 0.066          | 6.892                |
| <b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>   | <b>40.418</b>          | <b>0.9</b>     | <b>41.318</b>        |
| Remeasurements in Other Comprehensive Income and Expenditure   |                        |                |                      |
| Return on plan assets (in excess of) /below that recognised in net interest  | (22.664)               | (0.398)        | (23.062)             |
| Actuarial (gains)/ losses due to change in financial assumptions   | (51.971)               | 0.647          | (51.324)             |
| Actuarial (gains)/ losses due to changes in demographic assumptions  | (8.102)                | (0.082)        | (8.184)              |
| Actuarial (gains) / losses due to liability experience   | 2.37                   | 0.015          | 2.385                |
| <b>Total post-employment benefits charged to the comprehensive income and expenditure statement</b>  | <b>(80.338)</b>        | <b>(1.11)</b>  | <b>(81.448)</b>      |
| <b>Total Amount Recognised</b>   | <b>(39.92)</b>         | <b>(0.212)</b> | <b>(40.132)</b>      |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | (40.417)               | (0.9)          | (41.317)             |
| Actual amount charged against General Fund and HRA balances for Pensions in year   |                        |                |                      |
| Employers' contributions payable to scheme   | 14.733                 | 0.327          | 15.06                |
| Retirement benefits payable to pensioners  | 1.130                  | 0              | 1.130                |
| Administration Allowance *The current service cost included an allowance for the administration expenses                                     | 0.36                   | 0.009          | 0.369                |

| For Year Ending 31/03/23   | £M's                   | £M's    | £M's                 |
|--|------------------------|---------|----------------------|
| Comprehensive Income and Expenditure   | Single Entity Accounts | BFCC    | Total Group Pensions |
| Cost of Services   |                        |         |                      |
| Service Cost Comprising  |                        |         |                      |
| Current Service Cost*  | 35.855                 | 1.055   | 36.910               |
| Past Service Cost (including curtailments)   | 0                      | 0       | 0                    |
| (Gain)/Loss on Settlements   | 0                      | 0       | 0                    |
| Financing and Investment Income  |                        |         |                      |
| Net Interest Expense   | 7.229                  | 0.068   | 7.297                |
| <b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>   | 43.084                 | 1.123   | 44.207               |
| Remeasurements in Other Comprehensive Income and Expenditure   |                        |         |                      |
| Return on plan assets (in excess of) /below that recognised in net interest  | 4.822                  | 0.382   | 5.204                |
| Actuarial (gains)/ losses due to change in financial assumptions   | (299.578)              | (3.813) | (303.391)            |
| Actuarial (gains)/ losses due to changes in demographic assumptions  | (2.102)                | (0.038) | (2.140)              |
| Actuarial (gains) / losses due to liability experience   | 59.558                 | 0.529   | 60.087               |
| <b>Total post-employment benefits charged to the comprehensive income and expenditure statement</b>  | (237.300)              | (2.94)  | (240.240)            |
| <b>Total Amount Recognised</b>   | (194.216)              | (1.82)  | (196.033)            |
| Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code | 43.084                 | 1.12    | 44.207               |
| Actual amount charged against General Fund and HRA balances for Pensions in year   |                        |         |                      |
| Employers' contributions payable to scheme   | 16.621                 | 0.430   | 17.051               |
| Retirement benefits payable to pensioners  | 1.140                  | 0       | 1.140                |
| Administration Allowance *The current service cost included an allowance for the administration expenses                                     | 0.510                  | 0.014   | 0.524                |

Changes to the Present Value of Defined Benefit Obligation during the Period

| Year Ended 31/03/22  | Single Entity<br>Accounts | BFCC         | Total<br>Group<br>Pension |
|--|---------------------------|--------------|---------------------------|
|  | £M's                      | £M's         | £M's                      |
| <b>Opening Defined Benefit Obligation</b>                        | 815.498                   | 7.738        | 823.236                   |
| Current Service Cost   | 33.363                    | 0.834        | 34.197                    |
| Interest Expense on defined benefit obligation                   | 16.995                    | 0.164        | 17.159                    |
| Contributions by Participants                                    | 4.329                     | 0.101        | 4.43                      |
| Actuarial (gains)/ losses on liabilities financial assumptions   | (51.971)                  | (0.647)      | (52.618)                  |
| Actuarial (gains)/ losses on liabilities demographic assumptions | (8.103)                   | (0.082)      | (8.185)                   |
| Actuarial (gains)/ losses on liabilities experience              | 2.4                       | 0.015        | 2.415                     |
| Net Benefits Paid Out  | (17.828)                  | (0.011)      | (17.839)                  |
| Past Service Cost (including curtailments)                       | 0.23                      | 0            | 0.23                      |
| Net increase in liabilities from disposals/ acquisitions         | 0                         | 0            | 0                         |
| Settlements  | 0                         | 0            | 0                         |
| <b>Closing Defined Benefit Obligation</b>                        | <b>794.913</b>            | <b>8.112</b> | <b>803.025</b>            |

| Year Ended 31/03/23  | Single Entity<br>Accounts | BFCC    | Total<br>Group<br>Pension |
|--|---------------------------|---------|---------------------------|
|  | £M's                      | £M's    | £M's                      |
| <b>Opening Defined Benefit Obligation</b>                        | 794.895                   | 8.112   | 803.007                   |
| Current Service Cost   | 35.855                    | 1.055   | 36.910                    |
| Interest Expense on defined benefit obligation                   | 21.259                    | 0.221   | 21.480                    |
| Contributions by Participants                                    | 4.918                     | 0.13    | 5.048                     |
| Actuarial (gains)/ losses on liabilities financial assumptions   | (299.578)                 | (3.813) | (303.391)                 |
| Actuarial (gains)/ losses on liabilities demographic assumptions | (2.102)                   | (0.038) | (2.140)                   |

|  |                |              |                |
|--|----------------|--------------|----------------|
| Actuarial (gains)/ losses on liabilities experience      | 59.558         | 0.529        | 60.087         |
| Net Benefits Paid Out                                    | (20.148)       | (0.012)      | (20.160)       |
| Past Service Cost (including curtailments)               | 0              | 0            | 0              |
| Net increase in liabilities from disposals/ acquisitions | 0              | 0            | 0              |
| Settlements  | 0              | 0            | 0              |
| <b>Closing Defined Benefit Obligation</b>                | <b>594.657</b> | <b>6.184</b> | <b>600.841</b> |

#### Changes to the Fair Value of Assets during the Accounting Period

| Year ended 31/03/22                                 | Single Entity Accounts | BFCC         | Total          |
|---|------------------------|--------------|----------------|
|   | £M's                   | £M's         | £M's           |
| <b>Opening Fair Value of Assets</b>                 | 483.112                | 4.46         | 487.572        |
| Interest Income on Assets                           | 10.17                  | 0.098        | 10.268         |
| Remeasurement gains/ (losses) on Assets             | 22.664                 | 0.398        | 23.062         |
| Contributions by the Employer                       | 15.863                 | 0.327        | 16.19          |
| Contributions by Participants                       | 4.312                  | 0.101        | 4.413          |
| Net Benefits Paid Out                               | (17.828)               | (0.011)      | (17.839)       |
| Net increase in assets from disposals/ acquisitions | 0                      | 0            | 0              |
| Settlements   | 0                      | 0            | 0              |
| <b>Closing Fair Value of Assets</b>                 | <b>518.293</b>         | <b>5.373</b> | <b>523.666</b> |

| Year ended 31/03/23                                 | Single Entity Accounts | BFCC         | Total          |
|---|------------------------|--------------|----------------|
|   | £M's                   | £M's         | £M's           |
| <b>Opening Fair Value of Assets</b>                 | 518.294                | 5.373        | 523.667        |
| Interest Income on Assets                           | 14.030                 | 0.153        | 14.183         |
| Remeasurement gains/ (losses) on Assets             | (4.822)                | (0.382)      | (5.204)        |
| Contributions by the Employer                       | 17.761                 | 0.43         | 18.191         |
| Contributions by Participants                       | 4.897                  | 0.13         | 5.027          |
| Net Benefits Paid Out                               | (20.148)               | (0.012)      | (20.160)       |
| Net increase in assets from disposals/ acquisitions | 0                      | 0            | 0              |
| Settlements   | 0                      | 0            | 0              |
| <b>Closing Fair Value of Assets</b>                 | <b>530.012</b>         | <b>5.692</b> | <b>535.704</b> |

### Actual Return on Assets

| Year ended 31/03/21                     | Single Entity Accounts | BFCC         | Total         |
|---|------------------------|--------------|---------------|
|   | £M's                   | £M's         | £M's          |
| Interest Income on Assets               | 10.170                 | 0.098        | 10.268        |
| Remeasurement gains/ (losses) on Assets | 22.664                 | 0.398        | 23.062        |
| <b>Actual Return on Assets</b>          | <b>32.834</b>          | <b>0.496</b> | <b>33.330</b> |

| Year ended 31/03/22                     | Single Entity Accounts | BFCC         | Total        |
|---|------------------------|--------------|--------------|
|   | £M's                   | £M's         | £M's         |
| Interest Income on Assets               | 14.030                 | 0.153        | 14.183       |
| Remeasurement gains/ (losses) on Assets | (4.822)                | (0.382)      | (5.204)      |
| <b>Actual Return on Assets</b>          | <b>9.208</b>           | <b>0.229</b> | <b>8.979</b> |

### G15. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2021/22 |                   | 2022/23 |
|---------|-------------------|---------|
| £'000   |                   | £'000   |
| 319     | Interest Received | 1,530   |
| (6,875) | Interest Paid     | (6,531) |

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

| 2021/22  |  | 2022/23 |
|----------|--|---------|
| £'000    |  | £'000   |
| 11,481   | Depreciation and Impairment and Downward Valuations    | 25,241  |
| 78       | Amortisation   | 81      |
| 0        | Soft Loans (non-subsidiary)                            | 0       |
| 850      | Deferred revenue/deferred payment agreements (IFRS 15) | 0       |
| 13,555   | Increase / (Decrease) in creditors                     | 9,884   |
| (15,544) | (Increase) / Decrease in debtors                       | 411     |
| 285      | (Increase) / Decrease in inventories                   | (126)   |
| 25,129   | Movement in pension liability                          | 26,014  |

|               |   |               |
|---------------|---|---------------|
| 0             | Other non-cash items charged to the net surplus or deficit on the provision of services           | (1,057)       |
| 11,176        | Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised | 6,832         |
| <b>47,010</b> | <b>Adjustments to net surplus or deficit on the provision of services for non-cash movements.</b> | <b>67,280</b> |

## G16. Taxation

| <b>Big Fresh Catering Company</b>      | <b>31/3/2022</b> | <b>31/3/2023</b> |
|--|------------------|------------------|
|  | <b>£'000</b>     | <b>£'000</b>     |
| Corporation Tax                        | 137              | 81               |
| Current Tax on Profits for the year    | (1)              | 0                |
| <b>Total Current Tax</b>               | <b>136</b>       | <b>81</b>        |
| Deferred Tax                           | (167)            | (173)            |
| Changes to Tax Rates                   | 0                | 0                |
| Adjustments in Respect of Prior Year   | 0                | 0                |
| <b>Total Deferred Tax</b>              | <b>(167)</b>     | <b>(173)</b>     |
| <b>Taxation on Ordinary Activities</b> | <b>(31)</b>      | <b>(92)</b>      |

| <b>Deferred Taxation 2021/22</b>      | <b>Asset</b> | <b>Liability</b> |
|---------------------------------------|--------------|------------------|
|                                       | <b>£'000</b> | <b>£'000</b>     |
| Deferred Tax Asset on Pension Deficit | 685          | 0                |
| Accelerated Capital Allowances        | 0            | 4                |
| <b>Total Deferred Taxation</b>        | <b>685</b>   | <b>4</b>         |

| <b>Deferred Taxation 2022/23</b>      | <b>Asset</b> | <b>Liability</b> |
|---------------------------------------|--------------|------------------|
|                                       | <b>£'000</b> | <b>£'000</b>     |
| Deferred Tax Asset on Pension Deficit | 123          | 0                |
| Accelerated Capital Allowances        | 0            | 4                |
| <b>Total Deferred Taxation</b>        | <b>123</b>   | <b>4</b>         |

## Glossary

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

### 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.

### Assets Under Construction

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

### Balance Sheet

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

### Beacon Valuation

This approach is designed to value large groups of properties which are of similar design, age or construction. In essence, this approach comprises three stages:



- a) Dividing the stock into Asset Groups (large groupings of properties such as a housing estate or groups of estates);
- b) Sub-dividing these Asset Groups into Archetype Groups (dwellings within the Asset Groups which have similar characteristics and;
- c) Selecting a Beacon Property – an actual property which is representative of its Archetype group.

### **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 Receipt**

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

### **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.

### **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.

### **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.

**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.

### **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. It assumes 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.

### **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.

## Going Concern

The concept that the statement of accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

## Gross Carrying Amount (GCA)

This is the value of the land, building or other category of non current asset as per the latest valuation including any enhancements but before allowing for any depreciation or impairments.

## 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.

## 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.

## 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. Intangible assets most frequently found in local authorities are computer software.

## Inventories

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

## 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.

## 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.

### **National Non-Domestic Rates (NDR)**

The National 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.

### **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.

### **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.

### **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 Works Loan Board (PWL)**

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.

### **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.

### **Remeasurement of Pension Liability**

Changes to the pension liability made to reflect the return on plan assets and because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions

### **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.

### **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 Central Government to authorities, contributing towards the general cost of their services.

### **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.

### **Trust Funds**

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

### **Useful Economic Life (UEL)**

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

The Council is required to undertake an annual review of internal control and governance and this is achieved by producing the Annual Governance Statement (AGS) which must be included within the Statement of Accounts. The AGS describes the Council's corporate governance arrangements and provides an assessment of those arrangements and where appropriate identifies improvements that need to be made.

### The Purpose of the Governance Framework

The Council's Governance Framework comprises all the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves.

A significant part of that framework is the Council's system of internal control. This helps to manage and control the business risks that the Council encounters in delivering its operations. Not all risks can be eliminated but they can be reduced and mitigated by implementing effective systems of control. This can only provide reasonable and not absolute assurance of the effectiveness of the environment. The Council's Governance Framework, including the Council's system of internal control, has been in place for the year ended 31<sup>st</sup> March 2023 and up to the date of the approval of the Statement of Accounts and is a continuous process.

The Council's Code of Corporate Governance was reviewed in 2016/17, with the amendments made being based upon the "Delivering Good Governance in Local Government: Framework" (CIPFA/SOLACE, 2016). The Framework positions the attainment of sustainable economic, social, and environmental outcomes as a key focus of good governance processes and structures. The focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

This Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31<sup>st</sup> March 2023.

As with all work undertaken by the Council, the Annual Governance Statement reflects the Council's responsibilities under the Well-being of Future Generations (Wales) Act 2015. The Council recognises the need to ensure that in line with the sustainable development principle we take account of how our decisions may impact on future generations. The Council has embedded the five ways of working across its activities and in delivering our priorities we will maximise our contribution to the seven national Well-being Goals.

## Scope of Responsibility

The Vale of Glamorgan Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for and used economically, efficiently and effectively. The Vale of Glamorgan Council sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong, transparent and responsive governance enables the Vale of Glamorgan Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens confidence, these mechanisms must be sound and be seen to be sound.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA and SOLACE Framework - Delivering Good Governance in Local Government 2016. This statement explains how the Council has complied with the Code.

The Code of Corporate Governance sets out the principles of good governance and describes the arrangements in place to meet each of these principles.

A copy of the Council's Code is available on our website at [www.valeofglamorgan.gov.uk](http://www.valeofglamorgan.gov.uk)

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

B - Ensuring openness and comprehensive stakeholder engagement.

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

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

E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

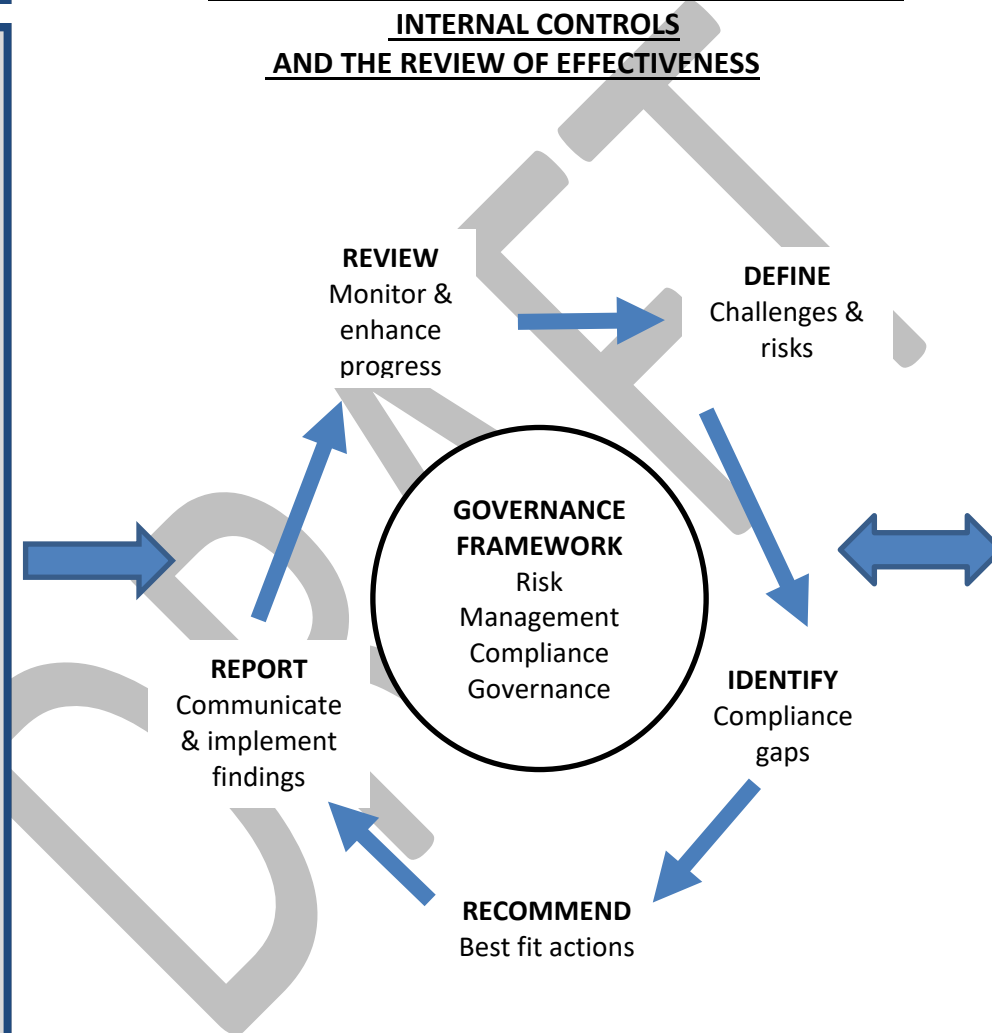
F - Managing risks and performance through robust internal control and strong public financial management.

G - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.



| <b>GOVERNANCE PRINCIPLES</b>  |
|---|
| Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. |
| Ensuring openness and comprehensive stakeholder engagement.   |
| Defining outcomes in terms of sustainable economic, social, and environmental benefits.                     |
| Determining the interventions necessary to optimise the achievement of the intended outcomes.               |
| Developing the entity's capacity, including the capability of its leadership and the individuals within it. |
| Managing risks and performance through robust internal control and strong public financial management.      |
| Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.     |

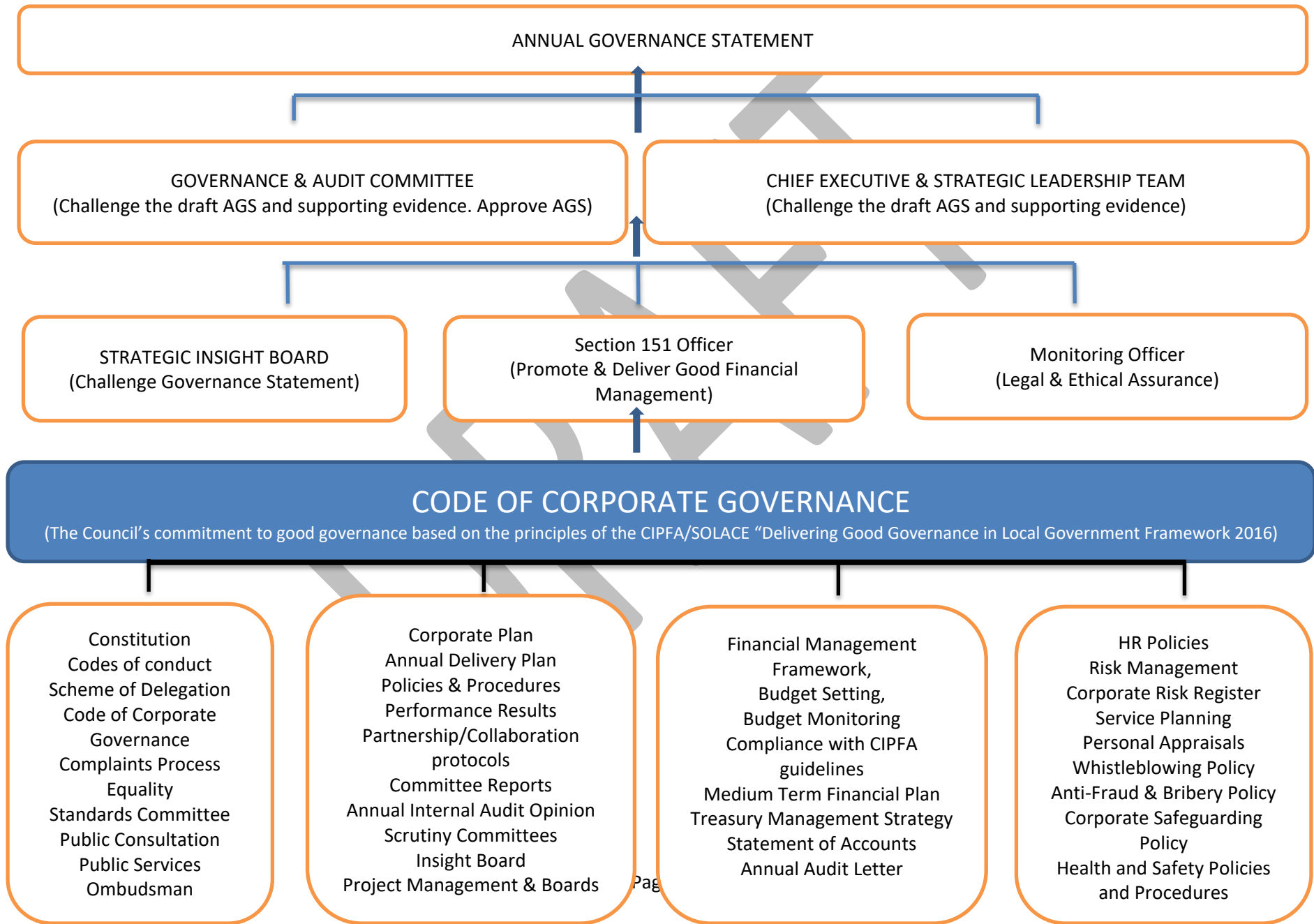
**RELATIONSHIP BETWEEN GOVERNANCE PRINCIPLES,  
INTERNAL CONTROLS  
AND THE REVIEW OF EFFECTIVENESS**



| <b>INTERNAL CONTROLS</b>   |
|--|
| <b><u>Leadership, Culture and Planning</u></b><br>Organisational priorities and outcomes<br>Corporate Plan & Annual Delivery Plan<br>Directorate and Service/Team plans<br>Performance Management Framework<br>Medium term financial Plan  |
| <b><u>Policies and Procedures</u></b><br>Constitution, Codes of Conduct<br>Anti-fraud, Bribery and Corruption Policy, Whistleblowing Policy<br>HR and OD Policies/Procedures, Corporate Safeguarding Policy, Health and Safety Policies and Procedures, Risk Management Strategy |
| <b><u>People, Knowledge, Finance, Assets</u></b><br>Robust HR and H&S practices<br>Information governance<br>Performance monitoring and improvement<br>Financial management and reporting<br>Ethical & legal practices   |
| <b><u>Scrutiny and Transparency</u></b><br>Freedom of Information requests<br>Complaints procedure<br>Reports considered by Legal and Finance experts<br>Equality impact assessments   |
| <b><u>Partnership Working</u></b><br>Community engagement;<br>Collaboration / Partnership toolkit  |

## **IMPACT OF COVID 19 PANDEMIC**

During the year the impact of the COVID 19 pandemic largely dissipated in isolation. However, the legacy of the pandemic continued to be felt by the organisation and the wider community as a whole. The financial arrangements provided by Welsh Government were tapered or removed during the year, requiring less intervention by Council teams to administer. The aftereffects of the COVID 19 pandemic and other macroeconomic events have created a significantly challenging environment within which to operate. During the year the focus moved away from the public health emergency and towards an economic one around the cost-of-living crisis. This, along with the effects of Brexit and the pandemic, have created a challenging environment with increasing inflation, supply chain issues and labour shortages, and the need to support the community in new ways.



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

The Council supports a culture of behaviour based on shared values, ethical principles and good conduct. This guides how the long-term vision is put into effect and how members and officers behave in their day to day work. The behaviour of elected members and officers is governed by codes of conduct, which include a requirement for declarations of interest to be completed. The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in procedural standing orders, scheme of delegations, contract and financial procedure rules. Codes of Conduct are in place which define the high ethical values and standards of behaviour expected from Elected Members and officers to make sure that public business is conducted with fairness and integrity.

The Council's Code of Conduct for its Elected Members builds on the seven principles of public life (supplemented by an additional 3 principles in Wales) and the Council has arrangements in place to receive investigation reports from the Ombudsman regarding allegations of potential breaches of proper standards of conduct which are outlined within the Council's Constitution, including the Council's Local Dispute Resolution Procedures and the Protocol of Standards which support the Code of Conduct for Elected Members. Following the 2022 Local Government Elections an ambitious induction training programme was established and agreed by the Council for new and returning Members and co-opted Members of the Council; as part of the induction training mandatory training was provided on the Ethical Framework which in part included training on the Members' Code of Conduct and the 10 Principles underpinning the Members' Code of Conduct.

The Council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Council seeks feedback from the public through its complaints procedure for both Corporate and Social Services areas, responding to the outcomes as appropriate and reporting the results at least annually to the Governance and Audit Committee. The complaints dashboard enables data to be monitored in real-time across all service areas to ensure lessons are being learned to improve how we manage, monitor, and learn from complaints. During 2022/23 the number of corporate complaints received by the Council increased to 532 from 358 in the previous year. 51% of which were dealt with within corporate target timescales (2021/22 60.9%). During the year new complaints handling software was introduced and this has impacted performance in this area as staff have adjusted to using the new system. The percentage of complaints resolved at Stage 1 was 94.7%, an improvement on the previous year (89.7%) whilst 5.3% were resolved at Stage 2 which was slightly lower than the previous year (10.3%). Complaints and Enquiries received under the Social Services complaints procedure reduced during the year from 140 to 106 of which 60.3% were dealt with within target times. During 2022/23 of the 49 complaints received by the Public Services Ombudsman for Wales none were taken into investigation; one complaint was upheld against the Council (including Social Services) and 15 were resolved through the early resolution process.

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

The Whistleblowing policy was updated in 2021/22 and a significant publicity drive launched in June 2022 to raise awareness of the policy. As part of this exercise, it has been rebranded as the Speak Out Line and the policy again refreshed during 2022/23 to reflect this.

During 2022/23, 11 concerns were raised via the Speak Out line. Four concerns were considered to be outside of the Whistleblowing policy and dealt with under other policies. Of the 7 deemed to be under the Whistleblowing Policy, 1 concern was upheld, 1 was partially upheld, 2 concerns were not upheld and three concerns remain under investigation.

The Constitution is at the heart of the Council's business. It provides an important means of enabling councillors, officers, citizens and stakeholders to understand how the Council makes decisions and who is responsible for those decisions. It also regulates the behaviour of individuals and groups through the codes of conduct, protocols and standing orders. Through the Council's Constitution, the Council has created the conditions necessary to ensure that the statutory Chief Officers, other key post holders, Members and where appropriate statutory committees are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. A number of updates have been made during the year and a significant piece of work undertaken across Wales, co-ordinated by the Welsh Local Government Association to produce a standard template for Councils to use as the basis for their Constitution.

The Local Government and Elections (Wales) Act 2021 introduced changes covering electoral reform, public participation, governance, performance and regional working. This has had a significant impact on the way the Council operates and as a result of the provisions detailed within the Act a working group of officers was established and a detailed action plan developed to ensure that Senior Officers and Members are aware of the provisions within the Act. Progress and changes have been reported to Full Council and changes have been made to the Council's Constitution to comply with the requirements of the Act. The Council has also responded to consultation regarding the establishments of Corporate Joint Committees (CJCs). Regular updates have been provided to Cabinet and Committees throughout the year.

**Principle B –  
Ensuring  
openness and  
comprehensive  
stakeholder  
engagement**

The Council is committed to understanding and learning from the views of the public. Engagement is the process by which views of stakeholders are able to inform and influence policy and service delivery. The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.

How this will be achieved is detailed in our Public Participation Strategy and accompanying action plan. The Strategy explains how we will encourage and facilitate public participation in the Vale of Glamorgan. It also sets out how we will be diverse in our engagement methods, using social media platforms, community connectors and face-to-face engagement, to take an integrated approach to public participation. Our strategy seeks to provide as many stakeholders as possible the opportunity to participate and become involved in the decision-making process, enabling people to shape what we do and how we do it.

The Council has always sought to develop the methods used to engage with stakeholders in a way that is accessible and convenient. The Council has also introduced a range of new approaches, which have included using Zoom webinars as means to consult, in which stakeholders were invited to meet and discuss with Council officers in a constructive way. Feedback from these sessions showed that they were well-received and that they could be developed further.

The Council has also expanded its use of social media to include social media polls and encouraging residents to leave 'comments' expressing their views. Data from both the polls and comment section have then been used in reports. We have also used social media to promote Council meetings, consultations, alongside bespoke videos to promote greater understanding of the issues in question.

We still undertake to host face to-face engagement sessions where possible and to provide consultation documents online.

An e-petitions function was launched in May 2022 to give residents a new way of engaging directly in the democratic processes of the Council.

**Principle B –  
Ensuring  
openness and  
comprehensive  
stakeholder  
engagement**

Since 2018 the Council has carried out Staff Surveys every two years, providing all staff with the opportunity to engage and rate on several factors. Following the publication of the results, a corporate action plan is created to make improvements.

Improvements that have taken place as a result of the Staff Surveys includes the launch of a ‘Culture Book’ in 2021 complete with Staff stories which will be updated regularly highlighting the many achievements and work of the Council, aligned to our Corporate Values with input from the Engagement Champions. In addition, the Council hosts Staff Awards bi-annually, recognising the achievements and hard work of our staff.

In 2020 and 2021 a Staff Wellbeing Survey was undertaken to measure how staff were coping with the effects of the pandemic. As a result, Staff Wellbeing Champions and Mental Health champions have been working together to organise virtual activities to support staff wellbeing, this has continued in 2022/23 with our wellbeing champions working in collaboration with our H&S and occupational health teams to continue to develop the wellbeing offering.

Following the 2022 Staff Survey, an Engagement and Involvement Strategy has been drafted and approved by SLT; this lays the foundation for our Engagement activity over the next 3 years, focusing on larger scale activity to embed the values, improve our diversity and inclusion activity and establish an Innovation Lab process.

The Council has also conducted a survey with Members in 2022 which included timing of meetings and wellbeing aspects. Decisions made by the Council and/or Cabinet are documented in the public domain, unless confidential, along with reasons for those decisions. The impact and consequences of all decisions are clearly set out.

**Principle B –  
Ensuring openness  
and comprehensive  
stakeholder  
engagement**

In May 2022 the Council agreed and published its Public Participation Strategy, which sets out how the Council will make it easier for residents to take part in the decision-making process. The strategy is split in to three key workstreams which are :

- **Reach** – Maximising opportunities for as many voices as possible to be heard, using variety of mechanisms.
- **Involve** – Targeting our activity to ensure different communities are offered different opportunities to participate.
- **Represent** – Making sure the views we gather are presented to decision makers at the right level, and that elected members are effective advocates for participation and have skills and tools to fulfil their role in increasing involvement.

Community of practise networks involving elected member champions, officers and partner organisations have been established to help meet the objectives under each of these workstreams. A new engagement platform, Participate Vale, has also been launched to make it easier for residents to share their and to be kept informed of progress on projects they are engaged in. A good example of effective community engagement is around building a new concrete skatepark at the Knap in Barry. The Council were approached with an idea to upgrade existing facilities and a project group was established to understand what the local skate community would like. Funding has been sought and secured and a final design was agreed in consultation with an engaged group of users. Construction of the new skate facility is underway and due for completion in September 2023.



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

“Strong Communities with a Bright Future” is the vision for the Vale of Glamorgan and the Corporate Plan 2020-2025 sets out how the Council intends to work towards the delivery of this vision and the promotion of well-being. The Plan set out the activities to be undertaken to ensure the best possible outlook for Vale citizens and communities.

In delivering this vision, the Council is mindful of the short, medium- and long-term challenges and the need to work with partners and the local community. In developing the Council’s Corporate Plan for 2020-25 consideration was given to the achievements from the previous plan, local needs and available resources and has incorporated the views of residents, partners, and staff to inform the Council’s key priorities going forward. The Council has embraced the Well-being of Future Generations (Wales) Act 2015 (WFGA) and the Corporate Plan is framed around four Well-being Objectives that are aligned to the well-being goals of the WFGA. Our Well-being Objectives are;

- To work with and for our communities
- To support learning, employment and sustainable economic growth
- To support people at home and in their community
- To respect, enhance and enjoy our environment

The Corporate Plan is underpinned by a set of enabling strategies (including the Asset Management Plan, Medium Term Financial Plan, People Strategy, Workforce Plan, Digital Strategy, Customer Relations Strategy, Performance Management Framework and Risk Management Strategy and Register) which together form the Council’s overall policy framework supporting improvement.

An integrated model of working has been adopted via the Strategic Insight Board to look at all aspects of corporate governance and planning arrangements to ensure that they are inter-related, complementary, consistent and no longer undertaken in isolation. This continues to ensure that the Council’s integrated processes and policies become an enabling force for the delivery of the Corporate Plan’s vision and the Well-being Outcomes.

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

2020/21 marked the start of a new Corporate Plan and the agreement to publish an Annual Delivery Plan (ADP) each year to support the five year Corporate Plan. The ADP sets out the key activities to be undertaken by the Council ‘in year’ to deliver on the commitments in the Corporate Plan. The ADP provides a framework for annual Service Plans and monitoring progress in delivering the Corporate Plan. The ADP for 2023/24 also identifies three critical challenges for the year: the cost of living crisis, project zero and organisational resilience. These challenges are pertinent to all of the Council’s Well-being Objectives.

Both the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015, place specific duties on objective setting, self-assessment and performance reporting. The retrospective aspect of these duties involve undertaking an annual self-assessment of performance, use of resources and governance arrangements that informs our improvement journey and increases the extent to which the Council is meeting the performance requirements. The Annual Self-Assessment Report is one of the most significant documents produced by the Council that is used to demonstrate effective accountability and transparency.

The Annual Self-Assessment Report presents a position statement on the Council’s performance retrospectively over the past year in delivering the Council’s priorities as set out in the ADP aligned to the Corporate Plan. Self-assessment of performance is an important way for the Council to identify the capacity and ability to deliver continuous improvement by identifying areas of strength and those requiring particular focus in coming years. The findings from the Annual Self-Assessment Report are used to identify the actions required to be undertaken in future years and progressed through the Service Plans. The Council’s Annual Self-Assessment Report for the period 2022/23 will be published in November 2023. The findings will be used to inform the development of the next Annual Delivery Plan, that will set out priorities for delivery during 2024/25 alongside Service Plans, Workforce Plans and associated performance targets.

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

In line with the Council’s Annual Performance Calendar, quarterly performance reviews and monitoring of corporate improvement priorities as aligned to our ADP and Corporate Plan Well-being Objectives are undertaken to ensure actions are completed and closed down and outcomes reported in a timely manner. Regular reviews of our regulatory recommendations also form part of the self-assessment process enabling the Council to demonstrate progress and outcomes on implementation of these in line with our performance duties. This is reported on a quarterly basis to the Strategic Leadership Team, Strategic Insight Board, Scrutiny Committees and Cabinet aligned with corporate performance monitoring arrangements thus enabling us to effectively meet both regulatory and statutory performance and reporting requirements using the same insight and resources. The Governance and Audit Committee has final oversight on all regulatory work in line with its remit. The Committee also plays a key role in providing additional challenge to the draft Annual Self-Assessment findings and in ensuring that the Council is proactive in addressing the identified self-assessment findings.

The Strategic Insight Board continues to enhance and streamline the corporate governance arrangements relating to integrated planning activities and reports to SLT and Cabinet. Further work is being undertaken to enhance our internal ‘insight’ function, using a wide range of data sources (including a blend of operational and national research and information, community and public engagement insight and performance and risk insight) to identify issues and take action. This will play an increasingly important role in strengthening our evidence base to meet our legislative requirements under the Local Government & Elections (Wales) Act 2021 and the Well-being of Future Generations (Wales) Act 2015.

This focused approach is contributing to more integrated business planning practices, staff development opportunities, continued promotion of “One Council” working in addressing our key challenges and taking advantage of opportunities to maximise benefits where they exist. A review of the Strategic Insight Board was undertaken in the autumn of 2022 to ensure that the membership and scope of the Board remains appropriate and this has resulted in a revised membership and terms of reference.

Programme Boards are established for major projects as needed such as Sustainable Communities for Learning (formerly 21<sup>st</sup> Century Schools), Project Zero, and Barry Regeneration to manage and ensure delivery.

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

The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control. These arrangements enable the Council to regularly review and challenge financial performance and monitor spend against budgets.

The Council achieved a balanced budget in 2022/23 and utilised reserves of £17.029m this included a drawdown of £12.307m to fund capital schemes, £987k from the Council Fund which was a budgeted contribution. In addition £953k was utilised from the Housing Revenue Account Reserve and £11.785m was transferred into specific reserves from revenue and £15.554m was transferred from specific reserves to provide one off funding to support revenue budgets and projects. There were areas experiencing financial pressures mainly in Waste Management, Children's Services and Leisure Services. £80.791m was spent through the capital programme during 2022/23, with £34m relating to Learning and Skills and £22m relating to Housing.

The 2022/23 settlement from Welsh Government sustained the increase in funding that was evidenced in the 2021/22 settlement. The Council received an initial Revenue Support Grant of £138.065m and National Non-Domestic Rate of £47.950m which equates to total funding, referred to as the Aggregate External Finance (AEF) of £186.015m. This represented an increase in funding of £17.5m (10.4%) from the previous year after taking into account adjustments. Based on this funding level, the Council was ranked 21st out of 22 councils in Wales (21st in 2021/22) on a funding per head of population, which is £239 per head below the Welsh average (£222 per head below in 2021/22). With a positive settlement the Council was able to set a lower savings target for the year of £500k, with no savings being requested from schools. Service areas made some good progress towards achieving these savings during 2022/23 and as part of the preparation for the 2023/24 budget.

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

The Council is facing significant financial challenges, as are all councils across Wales, which have been driven by the surge in inflation over the past few years. This has impacted on pay, utility costs and contracts with suppliers and schools. A budget of £294.422m for 2023/24 was approved by Council on 6th March 2023. The revenue settlement from Welsh Government represented an increase, with a settlement of £202.797m, which represents an adjusted increase of £16.782m over 2022/23. The Council Tax was increased by 3.9% from 1st April 2023 this included a new policy around charging for empty and second homes in the region, the latter from 2024/25.

Whilst the additional funding in the settlement was significant this did not address the scale of cost pressures reported by Directorates across the Council, most significantly in Social Care, Additional Learning Needs and Housing and Homelessness. A challenging savings and efficiency target of £7.378m was set for the year and was at a level which was significantly higher than historical targets including an allocation to schools.

**Principle D –  
Determining the  
interventions  
necessary to  
optimise the  
achievement of  
the intended  
outcomes**

The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. The Council must have robust decision-making mechanisms in place to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. The Council recognises that informed decision making is a fundamental part of good governance. Decision makers receive objective analysis of a variety of options indicating how intended outcomes would be achieved together with the risks associated with those options. In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan.

The Council is a major partner in the Public Services Board, which works to deliver the Vale Well-being Plan, a new Well-being Assessment was published in 2022 and this has informed a new Well-being Plan which was published in May 2023. This work has been led by council officers on behalf of the PSB. The Cardiff and Vale Regional Partnership Board brings together the two regional local authorities with health and others, to focus on delivering joined-up services across health, social care and housing.

Partnership working throughout the COVID crisis has been testament to the strong foundations in place. Building on the strong working relationships the Council, UHB and Cardiff Council have formed an Amplifying Prevention Board focusing on key public health challenges in the region including bowel screening, childhood immunisations and delivery of the Move More Eat Well Plan. The Council continues to work closely with the third sector and a range of community groups and this is evident in the work undertaken to deliver warm spaces during the winter of 22/23 and work to tackle the cost of living crisis and in particular food poverty. Projects being taken forward through a number of schools are testament to the connections they have with pupils and their families and also the wider community.

One of the Council's key strengths is its ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working to enable it to maximise benefits for its customers and residents. The Council has developed and hosts a number of regional services, including the Shared Regulatory Service, Regional Adoption Service and the Regional Internal Audit Service.

**Principle D –  
Determining the  
interventions  
necessary to  
optimise the  
achievement of  
the intended  
outcomes**

The Council aims to deliver high quality services that provide value for money, and which are aligned to the needs and priorities of the local community. The Council is committed to ensuring that the relevance of the Well-being Objectives in the Corporate Plan continue to reflect the priorities for the Vale of Glamorgan.

The Annual Performance Calendar of activities is the Council's key means of complying with the WCFG Act and the LG&E Act to demonstrate achievement of our Corporate Plan Well-being Objectives and contribution to the national well-being goals. The completion of the key activities outlined in the 2022/23 Annual Performance Calendar culminated in the approval and publication of the Council's first Self-Assessment under the LG&E Act (published in November 2022), the Annual Delivery Plan and Service Plans in March 2023 for the period 2023/24.

Engagement work with Elected Members, key partners and other stakeholders and council officers throughout the year (as part of a planned programme of collaboration) continues to help shape the key plans and activities within the performance calendar to further strengthen our approach to self-assessment and the evidence base/insight for identifying our improvement areas and ensuring appropriate and timely action is taken to address them. This process is reviewed annually at the start of the new calendar to identify further enhancements to our approach that will further strengthen the extent to which the Council is meeting the performance requirements and contributing to the national well-being goals.

The Council undertakes annual Service Planning that is aligned to the commitments set out in the Annual Delivery Plan (ADP) and Corporate Plan. Service Plans are our delivery arm of the ADP specific to each service area. Through self-assessment, Service Plans provide an opportunity for service areas to outline how they are going to achieve continuous improvement by delivering the priorities of the ADP and contribute to meeting the Well-being Objectives of the Corporate Plan. The Council's vision and priorities as set out in the Corporate Plan and the ADP are reflected in Service Plans and support the development of detailed actions and performance targets that contribute towards the achievement of Corporate Plan and ADP priorities and set out how resources will be used to support this work. Scrutiny Committees review the progress of Service Plans on a quarterly basis, including the achievement of set targets and actions through performance reporting. Performance reporting via Scrutiny Committees is presented as a singular report, and performance is reported by Well-being Objectives. Scrutiny Committees review and scrutinise performance on a quarterly basis aligned to their committee's remit. Taking a more integrated and cross-cutting approach to how Service Plans and the ADP is reviewed enables a more holistic approach to monitoring and reflects that multiple service areas contribute to multiple priorities. Service Plans are also used alongside other sources of information to inform the development of the Council's internal audit plan.

**Principle E –  
Developing the  
entity’s capacity,  
including the  
capability of its  
leadership and  
the individuals  
within it.**

The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well-trained and competent people in effective service delivery. All new members and staff undertake an induction to familiarise them with protocols, procedures, values and aims of the Council. There is a Member Development Strategy, which provides a framework for supporting elected members in the numerous roles that they are required to undertake both within, and outside, the Council. This activity has moved to virtual delivery methods since the pandemic, with the staff induction process returning to a face to face activity, to support the growth of strong relationships and collaborative working internally. Following the Local Government Elections 2022 a full comprehensive induction programme for Elected Members, Co-opted Members and Lay members was put in place with a number of elements of the training having been determined as essential mandatory training by the Council e.g. Code of Conduct.

The Strategic Leadership Team consists of the Chief Executive, five Corporate Directors, the Council’s Monitoring Officer, the Council’s Section 151 Officer, and the Head of Human Resources. The roles and responsibility of Corporate Officers are defined in agreed job profiles and set out in the Council’s Constitution. Chief Officer Performance is reviewed on an annual basis in accordance with the Chief Officer Appraisal process, this has recently been reviewed for 2023, with a revised process introducing greater touchpoints and more robust methods of reviewing performance. Introducing per-to-peer review and 360 feedback.

The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information / support to inform decision-making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.

Members continue to receive refresher training and support (including Co-opted / Lay Members and observers on Committees) on the use of virtual meeting software. Remote meeting procedures are available to Members and the public.

Democratic Services officers continue to support all Members and the public who are registered to speak on the use of the virtual meeting platforms as required prior to and during meetings. A trouble shooting / quick guide and useful aide memoire has been made available to all Members and Co-opted/ Lay Members.



**Principle E –  
Developing the  
entity’s capacity,  
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capability of its  
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the individuals  
within it.**

A refreshed Member Development Strategy had been approved by the Democratic Services Committee in July 2021 and the Committee also approved the new Member Induction Programme for implementation in April 2022 to support a new cohort of Elected Members post Local Government Elections, in May 2022.

The Training following the Local Government Elections 2022 included both Mandatory and non Mandatory training.

Mandatory Training as below -

- Finance
- Induction Event
- Ethics and Standards
- Equality and Diversity
- Corporate Safeguarding
- Rules of Debate
- GDPR – e-learning on IDEV
- Chairing skills – if a Chair of a Committee
- Specific Training in respect of a Member’s role on a Committee e.g. Planning.

One of the Council’s key strengths has been the ability to explore opportunities to work in partnership with others and the Council has developed a robust approach to collaborative working. In addition, Cabinet receives a six-monthly report providing an update on progress being made with strategic collaborative working initiatives. The Council continues to work proactively with a range of partners to transform how services will be delivered as well as considering new and innovative models of delivery in line with the Council’s transformational change agenda.

The Council has developed and implemented a protocol for managing information and the interface between Cabinet and Scrutiny.

**Principle E –  
Developing the  
entity’s capacity,  
including the  
capability of its  
leadership and  
the individuals  
within it.**

Through the established workforce planning and staff engagement processes, the Council continues to maintain a highly skilled and resilient workforce that is responsive to the constantly changing environment. The Council has continued to make good progress in delivering the 15 commitments within the Staff Charter, which details the expectations of staff and managers in a “reshaped” working environment and have evolved the Staff Charter to develop the Culture Book in 2021/22

During 2022/23 the OD and Learning Team have taken further steps to support the development our people by improving the scope and capacity of our Online Learning System, iDev. We continue to offer and develop a series of events through the Learning Café, and during 2022 this included several Ask the Chief Exec sessions and sessions linked to the ADP priorities, including Project Zero and Cost of Living.

In January 2023 we launched a new blended Onboarding and Induction Programme, aiming to provide all new starters with key information to ensure they feel welcomed and valued in the council, whilst ensuring they have the core knowledge to reach competency. All new starters are enrolled from day one in the Council, ensuring they have access to mandatory learning, key information about the Council and access to sign up to our half day induction session, Welcome to the Vale.

During 2022/2023 a revamped Chief Officer Performance Process was launched along with the relaunch of the Senior Leadership Competency Framework. The process brings our Senior level appraisal process more in line with a recognised approach to performance management, with more regular review touchpoints and a forward looking, strengths based approach to performance. This will be further developed in 2023/24 with a refreshed itsaboutme process, aligning with the Chief Officer Performance Review process and adding more touchpoints and a wider method of review (including 360 feedback and peer-to-peer review).

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

The Council, which has overall responsibility for directing and controlling the organisation, has approved an Executive / Scrutiny model of decision making. Full Council sets the policy and budget framework. Within this framework, most key decisions are made by the Cabinet. Cabinet meetings are open to the public (except where items are exempt under the Access to Information Act). The decision-making process is scrutinised by five Scrutiny Committees, which support the work of the Cabinet as Executive and the Council as a whole.

Risk management is an important feature of the Council's governance arrangements, and it is recognised that successful risk management relies on a corporate approach to ensure that all risks are identified and managed systematically and consistently across the Council. The Risk Management Strategy sets out the approach to the identification of and responses to strategic and operational risks. The Council's Risk Management Strategy also provides essential input to the determination of Council priorities, targets and objectives.

The Council has a well-established risk management process in place for corporate and service risks. This has been further enhanced by the Council's focused corporate approach to integrated planning via the Strategic Insight Board and enhanced corporate performance reporting arrangements. The Strategic Insight Board provides a strategic focus for the delivery of the Council's Corporate Plan and the Well-being of Future Generations Act, ensuring that the seven well-being goals and our five ways of working are grounded in our robust corporate governance and providing an integrated approach to corporate planning and risk management. The Council has continued to hone its approach to corporate risk management using a reporting format which reflects the different needs of the various audiences. This provides a holistic overview of all risks to enable the identification of any trends or themes within the risks impacting on the Council, as well as the robust management of individual risks by risk owners, the Strategic Insight Board and Governance and Audit Committee.

A key feature of corporate risk management continues to be horizon scanning of emerging risks which are outlined quarterly in a Corporate Risk Summary Report. This supports the role of the Strategic Insight Board, Strategic Leadership Team, Cabinet and Governance and Audit Committee by providing them with an overview of any issues associated with emerging risks and provides an opportunity to scrutinise potential risks in greater detail.

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

In addition to this, the Corporate Risk Summary Report also identifies a small number of risks on the register each quarter where a more detailed brief of the issues is highlighted. This gives both officers and Members a spotlight for discussion where issues surrounding those risks can prompt more detailed scrutiny and analysis and enable the identification of any further action where required. This has been particularly effective during the Pandemic, as it identifies emerging risks and challenges associated with Covid to be highlighted through risk reporting. The monitoring of service risks identified through our service planning process continue to be monitored quarterly to enable risk owners to reduce, eliminate and manage their service risks.

An internal audit review of a sample of corporate risks was undertaken during 2022/23. The findings from the review provided a 'substantial' audit opinion in relation to the management of those risks across the local authority and indicates that the Council has sound systems/processes in place in terms of how those risks were being managed. The review identified that the whilst the Council's arrangements for risk management are well defined and consistently applied in relation to the risks reviewed, the existing Risk Management Strategy is out of date, and this represents a risk that needs to be addressed. This work has commenced with Governance & Audit Committee members, the Strategic Leadership Team and the Strategic Insight Board to inform the review of the Council's Risk Management Strategy. It is anticipated that a draft Risk Management Strategy will be developed for consultation by the end of 2023.

The Council has put in place robust performance management arrangements, to monitor the Corporate Plan and our annual commitments as outlined in the Annual Delivery Plan. Currently, reports are presented in a focused and accessible way that highlights performance by areas of exception thus promoting more effective scrutiny. Elected members are also able to influence the information they receive to support their scrutiny roles through member workshops aligned to the annual performance calendar.

A self-reflective approach is taken by Directorates to reviewing their performance as part of corporate quarterly performance monitoring arrangements for the ADP culminating with an end of year position statement that dovetails with the Annual Directorate Self-Assessment. Key insights on performance, achievements, challenges and areas for improvement provide an evidence base that informs the Council's Annual Self-Assessment findings. Adopting a corporate approach to self-reflection across all its functions is helping the Council to demonstrate how well it is embedding the sustainable development principle in its use of resources in delivering the Annual Delivery Plan commitments and our Corporate Plan Well-being Objectives and the national Well-being Goals. It has also enhanced performance accountability in service areas to ensure success.

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

The Corporate Plan and Annual Delivery Plan have provided an opportunity to further enhance the scrutiny function. For example, alternative forms of scrutiny and a focus on case studies and cross-cutting themes will continue to be developed during of the delivery of the Plan. This will take forward the work already underway in response to the report from the Wales Audit Office (Audit Wales) which identified areas for development for the Council in relation to the Scrutiny function and take advantage of the digital opportunities offered by virtual / hybrid meetings. An action plan has been devised and agreed by the Cabinet and the Scrutiny Committee - Corporate Performance and Resources with work now being undertaken to address the issues and ongoing monitoring taking place. Working with Directors and Elected Members via a member led working group a new style of performance reporting was developed. This new style of reporting aligned to the Corporate Plan 2020/25 will be further developed in line with the requirements of the Local Government & Elections Act.

The Head of Finance / Section 151 Officer is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to Cabinet and the Council on all financial matters. The Council's system of internal financial control is based on a framework of financial / contract procedure rules and notes, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation of accountability.

The financial management of the Council is conducted in accordance with all relevant legislation and its Constitution. Through the Council's continued focus on integrated planning it is able to take a more holistic approach to corporate planning arrangements that include risk management, financial and asset management, workforce planning, performance management and information management. Therefore, corporate arrangements are coordinated and complementary to each other which puts the Council in a stronger position to secure continuous improvement. The Council has a successful track record of delivering a balanced budget made possible by its robust approach to managing finances which incorporates an effective corporate framework for financial planning, financial management and control.

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

The Council's statement of compliance with the CIPFA Financial Management Code was taken to Cabinet and Governance and Audit Committee in February 2023. In the report the Council set out a full consideration of the Council's compliance with the Financial Management Code in 2022/23 and in budget setting for 2023/24. The Council also identified potential areas for further improvement, it was felt that good progress had been made in demonstrating collective responsibility and transparency in budget setting but that an action plan should be developed to accompany the assessment and that there should be some consideration of peer review in future years. The Council's compliance with the Code demonstrates that Council understands and demonstrates the importance of collective responsibility to deliver good financial management across the organisation

The Council's Medium-Term Financial Plan clearly links to the priorities outlined in the Corporate Plan to ensure they are financially viable and that the MTFP is closely aligned with the business planning cycle work will be undertaken to update the Medium-Term Financial Plan in July 2023 and to address the need for sustainable finances as part of the plan throughout the next budget setting cycle.

The Council has a proactive, holistic approach to tackling fraud, bribery, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. The Council has been successful in investigating matches arising from the National Fraud Initiative and any recommendations raised in the Audit Wales report 'Raising Our Game Tackling Fraud in Wales' is integrated into the Council's Fraud Strategy and Framework 2021/22 to 2024/25.

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

The Council remains committed to implementing good practices in transparency, reporting and audit to deliver effective accountability. This is demonstrated by:

- Mechanisms which are in place for reporting progress against key regulatory recommendations / improvement proposals via the Strategic Insight Board, Governance & Audit Committee, all Scrutiny Committees, and Cabinet.
- All Committees have clear Terms of Reference and work programmes;
- Procedures are in place for sign-off of Cabinet Reports ensuring legal and financial implications have been appropriately assessed and are consistent with corporate policy.

The Council reports at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.

The Internal Audit Service is a key means of assurance. Since the 1<sup>st</sup> April 2019 the Council has hosted an expanded Regional Internal Audit Service (RIAS) partnering with Bridgend, Rhondda Cynon Taff and Merthyr Tydfil Councils. This has operated effectively throughout the year and the service operated in compliance with the Public Sector Internal Audit Standards (PSIAS). The Governance & Audit Committee annually reviews the Internal Audit Charter for the Regional Internal Audit Shared Service. The Governance & Audit Committee also approves the Internal Audit Annual Plan and receives progress updates at least quarterly.

The 2022/23 Internal Audit Plan outlined the assignments to be carried out to enable the Head of Internal Audit to form an annual opinion of the Council's overall control environment including, governance, risk management and internal control. The plan had regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating.

The work completed by the Regional Internal Audit Shared Service for the financial year was sufficient for the Head of Audit to be able to give an opinion.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2022/23 is:

**“Reasonable Assurance”**

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. The weaknesses that have been identified are service specific.

Many Council staff are continuing to work remotely, and systems & processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.

The recommendations made to improve governance, risk management and control have been accepted and are at various stages of implementation.

The Council responds to the findings and recommendations of Internal Audit, External Audit and other inspection bodies. The Governance & Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.



## Review of Effectiveness

The 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 the effectiveness is informed by the work of Internal Audit and Chief Officers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The review of effectiveness is informed by:

- ✓ The Annual Internal Audit Assurance opinion, as provided by the Regional Internal Audit Service
- ✓ The Governance & Audit Committee provides the focus for reviewing the effectiveness of the system of internal control and risk.
- ✓ The Cabinet (as Executive) is responsible for considering overall financial and performance management and receive comprehensive reports on a regular basis. The Cabinet is also responsible for the decisions and for initiating corrective action in relation to risk and internal control issues.
- ✓ The Scrutiny function which holds the Cabinet to account.

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council.

During 2022/23 the Council received 532 complaints (2021/22 = 358), 51% of which were dealt with within corporate target timescales. The percentage of complaints being resolved at Stage 1 was 94.7% and 5.3% at Stage 2.

The Standards Committee has monitored standards of conduct. During 2022/23 there were no investigation reports of potential breaches of the Members' Code of Conduct referred to the Standards Committee by the Public Services Ombudsman for Wales.

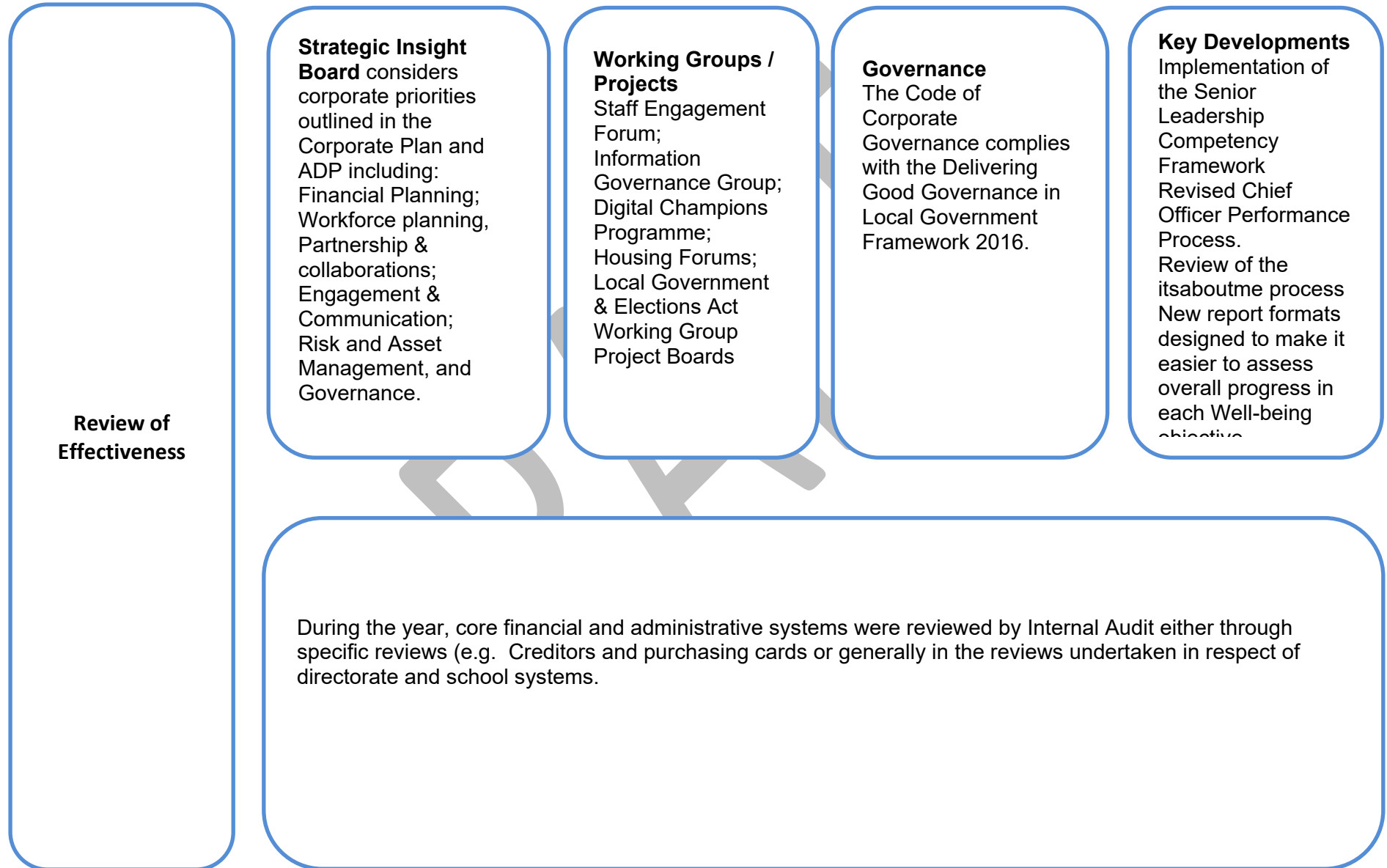
The Performance Framework has operated effectively during the year. Monitoring of key areas of performance has been regularly provided to Cabinet and Scrutiny.

**Review of Effectiveness**

In relation to Corporate Health, the Council continues to perform well in the context of supporting Council services in the delivery of the Corporate Plan Well-being Outcomes. The improved approach to Integrated Planning, via the Strategic Insight Board, is enabling services to effectively deliver transformational change in line with the Reshaping Services agenda and the Council's duties under the Well-being of Future Generations Act. Integrated Planning enables the Council to take a more holistic approach to their corporate planning arrangements that include risk management, financial management, workforce planning, performance management and information management. The Council has developed a robust approach to collaborative working, has a successful track record of delivering a balance budget and generally performing well in performance indicators across all service areas.

The Council's first Annual Self-Assessment under the Local Government and Elections (Wales) Act was published in November 2022. The findings have informed the development of our Annual Delivery Plan for 2023/24. The Council's Annual performance calendar (which includes key activities such as the Quarterly ADP Performance reports, the Annual Directorate Self-Assessments (including Internal Peer Challenge of the DSAs) and the Council Annual Self-Assessment Report for the period 2022/23 are a key source of information supporting this Annual Governance Statement. Work on the 2022/23 Annual Self-Assessment has commenced and will be published in November 2023. An internal audit review of the Council's 2021/22 Self-Assessment undertaken in February 2023 provided a 'substantial assurance' audit opinion of the process.

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. The Council introduced a strategy for transformational change called "Reshaping Services". Through effective management of the Council's Reshaping Programme, transformational change is being delivered in line with the Council's Corporate well-being outcomes and duties under the Well-being of Future Generations (Wales) Act 2015. In 2021/22, the Reshaping Programme work was redefined to reflect the breadth of transformation the Council is seeking to deliver – internally and externally, reflecting learning from the pandemic. During 2022/23 the financial situation meant a focus on tactical savings took precedence over transformation and this is something that is being revisited during the preparations of the 2024/25 budget to incorporate a more medium-term transformational focus to our work, community, and resources. This revised approach to transformation was reported to Cabinet in March 2021.



**Review of Effectiveness**

The Council's external auditors, Audit Wales, have advised that they have completed the majority of their planning work for the 2022/23 financial year. Whilst aspects of this planning work remain outstanding and the majority of their audit work for 2022/23 is yet to be completed they have confirmed that there are no significant issues arising from their work to date.

**Code of Corporate Governance (COCG)**

The Council's COCG has been reviewed, amended and approved to reflect the 2016 Governance Framework.

**Statement of Accounts 2021/22**

In January 2023 the Council's External Auditor, Audit Wales, provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection Letter.

**Internal Audit Opinion**

Based on the assurance, work undertaken by Internal Audit, the Head of Audit has provided an overall **reasonable assurance opinion** on the adequacy and effectiveness of the Council's control environment.

**Review of Effectiveness**

Of the 41 opinions given by Internal Audit during 2022/23:

- 32 (78%) were finalised with either *Substantial* or *Reasonable Assurance* opinion levels.
- 9 (22%) of the assignments were given an opinion of *Limited Assurance* or *No Assurance* due to weaknesses in the internal control environment.

The areas where control issues were identified during the year have tended to relate to specific service areas rather than any wider underlying concerns. The relevant managers have agreed with and are implementing the recommendations made to address the weaknesses identified. Internal Audit will follow up on these issues during 2023/24 to ensure that progress is being made.

As well as financial work, Audit Wales also completed performance audits on various services of the Council. These provide useful and timely feedback to the Council through which an action plan is developed for any matters to be addressed.

The Head of Audit's annual opinion report was presented to the Council's Governance & Audit Committee on 12<sup>th</sup> June 2023.

The Head of Audit provided an overall opinion of "**Reasonable Assurance**" on the Council's **internal control environment** based on the work undertaken during the year by Internal Audit.

In addition, the Head of Audit provided an opinion of "**Reasonable Assurance**" on the adequacy and effectiveness of the Council's framework of **governance, risk management and control**.

**Progress Made on  
the Significant  
Governance Issues  
2021/22**

**Action Taken / Planned**

**Workforce Pressures on all Services**

The Council has continued to experience workforce pressures across the organisation, which are multi-faceted and include pressures from a recruitment and retention perspective, Market Fragility and Wellbeing (including Absence).

A number of risks are included in the Council's Corporate Risk Register which have a significant workforce component which mean that these risks have become Significant Governance issues for the Council. They are:

Corporate Risk 1 – Financial Fragility

Corporate Risk 5 - Workforce

Corporate Risk 17 - Market Fragility (Social Care Market)

Corporate Risk 18 – Demand Management & Service Capacity (Social Care)

The workforce issues impacting these risks are fundamentally to do with the Council and its partners struggling to attract and retain staff in key areas which is causing difficulties with regards to service delivery. There are a number of examples of this particularly in Social Care, HGV drivers for Waste Collections and for professional staff such as Property, Finance, Legal, Health and Safety, Planning and Payroll.

To support these pressures the Council have adapted its recruitment practices, harnessed digital technology to ensure real life data is available on aspects such as recruitment, absence and retention and developed a strategic workforce planning group, who review short, medium and long term workforce pressures. During the year the Council continued to pay market supplements for some posts reflecting their scarcity and the market rate, for example HGV drivers. Within Social Services a range of activity has been put in place to support attraction and retention strategies, for example in direct care roles and children's social workers.

The Council have expanded its Wellbeing offering to all staff, including a mix of physical, emotional and financial sessions and review market fragility with partner organisations. The Council has continued to support the network of Wellbeing Champions as well as undertaking a deeper analysis of the causes of absence, to inform a further review and engagement including learning and development to focus on long term career opportunities in areas such as Social Care, Planning and Project Management.

Social Care market fragility is reviewed as part of a wider strategic workforce plan which includes considering options for overseas recruitment and the Fast Track to Care scheme working in partnership with Social Care Wales. Several actions have been taken and are planned which are included in the Councils risk management reports.

**Progress Made on  
the Significant  
Governance Issues  
2021/22**

In 2022 the Council has committed to review accreditation to the Real Living Wage Foundation and uplifted its lowest paid to the Real Living Wage, with effect from July 2022. A wider review of the pay structure was undertaken during the year and due to affordability issues, was not progressed. However, this will be considered again as part of the budget process for 2024/25. This is being done alongside a wider piece of work to review of pay, benefits and engagement including learning and development to focus on long term career opportunities in areas such as Social Care, Planning and Project Management.

**Senior Management Restructure**

As a result of a restructure in 2021/22 two new Director posts were created - Director of Corporate Resources and Director of Place. These were filled following robust recruitment & selection process in April 2022 by internal promotions. This, alongside pre-existing senior vacancies, has meant that there are a number of senior management posts that are vacant and new structural arrangements to be put in place in the coming months to address priority areas for the Council and alleviate capacity issues.

Work is underway to review the structures in the two new Directorates to identify the necessary additional capacity and affordability of any further appointments which will progress in line with the Council's recruitment processes. A review of the structure of Corporate Resources has been undertaken and reported to Cabinet in July 2023, with endorsement of proposals given and recruitment to three new senior roles within the Directorate to be undertaken during the summer of 2023.

**Progress Made on  
the Significant  
Governance Issues  
2021/22**

**Financial Pressures & Resilience**

The Council achieved a balanced budget in 2021/22 and was able to transfer £19.7m from revenue into reserves at year end. However, there were areas experiencing financial pressures mainly in Waste Management, Children's Services and Leisure Services.

Despite numerous financial pressures a generous settlement from Welsh Government has meant there was a minimal savings programme of £500k for 2022/23. There are nevertheless emerging pressures which relate to fuel, energy, standing charges, general inflation particularly in areas such as school transport and social care placements, cost of living and staffing pressures are being experienced across services.

Also, the general costs of living challenges and matters such as Universal Credit are affecting rent income and arrears are increasing as a result.

The Council has had a breakeven position at outturn for 2022/23. As well as through strong financial management the Council has benefited from accounting changes to care contributions in Adult Social Care and reduced financing costs for the Capital Programme through internal borrowing and increased investment returns on reserves in balances due to the Bank of England's strategy on the base rate of interest.

There are also pressures on the Capital Programme with significant increased costs, for example the cost of new house building per metre squared increasing by 166%. There are similar challenges across all areas of construction including schools and infrastructure which have required retendering, value engineering and negotiation to deliver the Programme.

These pressures as well as being carefully monitored during the financial year and have been incorporated into the Council's Medium Term Financial Planning as set out below.



**Significant Governance  
Issues 2022/23**

**Action Taken / Planned**

**Financial Pressures & Resilience**

Financial pressures and resilience are likely to be an ongoing issue for the Council.

The Council is facing significant financial challenges, as are all councils across Wales, which have been driven by the surge in inflation over the past year. This is impacting on pay, utility costs and contracts with suppliers. In October 2022, based on 3.5% and 2.4% increases in AEF in 2023/24 and 2024/25 respectively from the three year Settlement the Council had been faced with a £28.2M funding gap in 2023/24 and £50M across the medium term. There has been a better than expected settlement with an 8.9% increase for 2023/24 and this along with work to mitigate some of the pressures has meant the approved a balanced budget with savings proposals of £4.628M and £2.750M of efficiencies for schools.

Prospects for the medium term do remain challenging with the inflationary pressures proving to be persistent, the decline since the start of the year stalling at 8.7% for May and numerous pay negotiations remaining ongoing. Further, the general health of the economy is a concern with the high inflation and interest rates being a drag on economic growth and the impending likelihood of a recession. Consequently, there is unlikely to be the better than expected Settlement in the autumn which the Council has experienced in recent years.

There was Government support through a number of strategies for Cost of Living during 2022/23 with significant grant support. The energy inflation has eased back albeit the underlying cost increase are in the system and food inflation remains high at 16% in May 2023 but the Government support has ceased in 2023/24 which will undoubtedly impact on the communities the Council is supporting.

**Significant Governance  
Issues 2022/23**

**Action Taken / Planned**

**Expectations & Demand for Services**

The demands being placed on Council services are greater and more complex than in the past, in part as a result of the pandemic and cost of living crisis, but also as a result of an ageing population and increasing expectations at a time of limited resources. Transforming Council services to keep pace with these developments and taking preventative action are vital parts of the Council's strategy for the future, with a greater emphasis on investing in the short-term to save in the longer-term, focusing on prevention, the use of data and insight to inform decision making and improving public participation being key areas of focus across service areas in the coming year. This will also involve the consideration of greater partnership opportunities, both within the public sector but importantly with communities as the Council begins work on developing the new five year corporate strategy to define the organisation it needs to be by 2030.

**Significant Governance  
Issues 2022/23**

**Workforce**

There are a number of risks are included in the Council's Corporate Risk Register which have a significant workforce component and have regular monitoring arrangements in place, in addition to the Council's Strategic Leadership Team and Strategic Insight Board's oversight.

As noted above, the Council identified the need to increase strategic capacity with the review of the Leadership Team. The coming year will see further reform of elements of the structure to ensure sufficient capacity and capability exist in key roles.

Requiring a multi-faceted approach, the revised People Strategy and Workforce Implementation plan provides the strategic direction and focus for much of this activity moving forward. Based around 3 key themes (Redesigning for responsiveness, Striving for high performance and Driving employee experiences) the strategy strongly aligns with our Corporate Plans and Wellbeing Objectives, whilst underpinned by other parts of the Council's integrated planning arrangements, such as the Medium Term Financial Strategy, Digital Strategy, and Strategic Equalities Plan.

However, it is recognised that internal mitigations must be supported by a partnership approach, working with key partners such as Social Care Wales, NHS, WLGA, our Trade Union Colleagues, ADSS and the PSB to continue to address the significant pressures facing the organisation in this space moving forward. Significant inroads have been made in 2022/23 to mitigate the effect of all workforce pressures which has included;

- Strategic Workforce planning, including competency-based training conducted and supported by the LGA, further development of succession plans and our Kickstarter scheme
- Roll out Equalities based training, including Race Awareness. Strong collaborative working with our Network groups, including the establishment of a Disability Network
- The growth of wellbeing initiatives, including Wellbeing Walks, Fika, and Menopause Sessions
- Hybrid Working Strategy
- Review of our pay structures, which will now align to the 2024/24 budget process
- Social Services Reshaping Board, with a strong focus on workforce capacity, this has seen a review of recruitment practices, the introduction of overseas recruitment and greater development opportunities to allow line managers to make informed decisions based on rich data.

**Significant  
Governance Issues  
2022/23**

**Workforce Continued..**

- Revised Chief Officer Performance Appraisal Process and Competency Framework
- Learning Café
- Revised Learning Plan
- Improved Staff Induction and Welcome to the Vale
- H&S Policy Review and offering of IOSH qualification to improve H&S competence

For 2023/24 our focus continues on embedding those initiatives delivered in 2023/23, such as the implementation of the Oracle Fusion Project and Strategic Workforce Planning as well as moving to further strategic elements aligned to the People Strategy Key Themes.

This includes:

- Review of all reward structures linked strongly to the review our recruitment practices the development of a Recruitment and Attraction Strategy and Reward Strategy
- Revised Reward Offering for 2024. Linked strongly to staff wellbeing, employee culture and the Council's priorities such as Project Zero and the cost of living
- Reviewed and Revised Recruitment Website
- Reviewed Recruitment Processes
- Further development of HR Dashboards to include workforce planning, aligned to the LGA Workforce Planning Matrix and Annual Delivery Plan
- Improved Occupational Health Digital Platform, greater efficiency in the Occupational Health process
- Review of Sickness Policy and process
- Reviewed EAP Provision, with focus on psychological wellbeing
- Suicide Prevention Policy, aligned to the Cardiff and Vale Suicide Prevention Strategy
- Innovation Lab – focusing a culture of growth and innovation
- Apprentices and the development of a Learning Academy
- Improved H&S practices and development of greater H&S competence at line manager level

**Approval of the  
Annual  
Governance  
Statement  
2022/23**

Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet local people’s needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.

From the review, assessment and on-going monitoring work undertaken we have reached the opinion that reasonable assurance can be given that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We can confirm to the best of our knowledge and belief, this statement provides an accurate and fair view.



D.R. Thomas  
*Chief Executive*  
Date: 04/12/23



L. Burnett  
*Leader of the Council*  
Date: 04/12/23