



Draft Statement
of Accounts
2021/22



**Rhondda Cynon Taf County Borough Council
Statement of Accounts 2021/22**

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Narrative Report

1. Introduction

Rhondda Cynon Taf is the third largest Council in Wales with a population of 241,873 (2020 mid-year estimate), serving an area in the South Wales Valleys covering 424 square kilometres, stretching from the Brecon Beacons National Park in the north to the Capital City of Cardiff in the south.

The accounts for 2021/22 have been prepared in accordance with:

- Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on International Financial Reporting Standards (IFRS).
- Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 1 to 166 comply with the above.

2. Impact of Major Events

2.1 Covid-19 and Cost of Living Support

The Council's financial and operational performance position throughout 2021/22 reflects the context of operating within a very challenging and unprecedented environment as a result of the on-going impact of Covid-19. This has required the Council, like all local authorities in Wales, to continue to adapt and change the way it provides services, many in partnership with others, to help meet the needs of residents and businesses.

The pandemic has resulted in widespread challenges in the delivery of Council services with significant additional cost and income losses that have, throughout 2021/22, been funded by Welsh Government. Specific financial assistance has been provided to local authorities for additional expenditure incurred as a result of Covid-19 (for example, additional costs incurred in respect of housing / homelessness, free school meal payments, Adult Social Services, staff cover due to absence / shielding and increased demand for the Council Tax Reduction Scheme) and also income loss where there has been a need to temporarily suspend or reduce service provision (for example, leisure centres and the provision of school meals).

Welsh Government have stated that they do not intend to continue to provide such additional support going forward and that councils will have to manage these implications through the additional resources provided in the settlement. Exceptions to this are ongoing support for free school meals up to the end of school summer holidays 2022, SSP enhancement and self-isolation payments.

The Council will need to monitor the financial implications of the withdrawal of the Hardship Fund closely moving forward, using any flexibility afforded within its available reserves to transition any permanent additional costs into the base budget over the medium term.

During the financial year, with specific regard to the financial impact of Covid-19, updates have been included within quarterly Performance Reports to Cabinet and the Finance and Performance Scrutiny Committee that have set out actual and projected additional costs and income losses for the year and accompanying Welsh Government Covid-19 funding received. The following table provides details of funding received:

Service Area	Actual Additional Costs / Income Loss Recovered (Quarters 1 - 4)
	£'m
Education & Inclusion Services	(8.050)
Community & Children's Services	(16.112)
Chief Executive	(1.621)
Prosperity, Development & Frontline Services	(2.697)
Authority Wide	(1.600)
TOTAL	(30.080)

Please note the above table excludes additional costs incurred in respect of Test, Trace and Protect and vaccination centres, the funding for which is being made available by Welsh Government. It also excludes spend incurred and funded on Welsh Government schemes for which we acted as an agent.

Due to the impact of the Covid-19 pandemic, Welsh Government continued to make available a large number of grants and financial support packages. Some of these grants are made directly to support local authorities with their additional costs or loss of income because of the pandemic. Others have been to enable local authorities to meet the additional costs related to the pandemic of their commissioned services. There have also been a number of grants or areas of financial support that local authorities have been asked to administer on the Welsh Government's behalf.

In terms of accounting arrangements, risk-based criteria was used to determine whether grants are to be accounted as income and expenditure through the Comprehensive Income and Expenditure Statement (Principal) or through the Balance Sheet (Agent). All administration fees are treated as Principal.

The table below details the main areas of financial support:

Grant Scheme	£'m	Accounting Treatment
Additional Expenditure and Loss of Income (Hardship Fund)	30.080	Principal
Economic Resilience Fund	0.501	Agent
Economic Resilience Fund - Admin Fee	0.020	Principal
WG - Emergency Non Domestic Rates Scheme	3.120	Agent
WG - NDR Discretionary Grant (Retail, Hospitality, Leisure)	0.238	Agent
WG - Emergency Non Domestic Rates Scheme - Admin Fee	0.291	Principal
Cost of Living (Main Scheme)	13.933	Agent
Cost of Living Admin	0.464	Principal
Cost of Living (Discretionary Scheme)	2.292	Principal
Statutory Sick Pay (SSP) Enhancement	0.157	Agent
Winter Fuel Support Scheme Payments	2.953	Principal
Winter Fuel Support Scheme Payments - Admin Fee	0.140	Principal
Self Isolation payments	4.594	Agent
Self Isolation payments - Admin Fee	0.358	Principal
Freelancer Grant	0.105	Agent
Test Trace Protect	7.973	Principal

2.2 The Council's Response to Extreme Weather

A Strategic Flood Risk Management Board for Rhondda Cynon Taf has been established. The Board is chaired by Cllr. Andrew Morgan, Leader of the Council and comprises senior representation from the Council, Welsh Government, Natural Resources Wales (NRW) and Dŵr Cymru. The Board's work-plan includes the management of investment opportunities and funding applications and the development of a comprehensive integrated emergency response. The first formal meeting of the Board took place on 9th February 2021.

The recommendations of the Cabinet report of [18th December 2020](#), "Review of the Council's response to Storm Dennis" will be monitored by the Council's Cabinet and scrutinised by the Council's Overview and Scrutiny Committee. An update on Flood Alleviation recommendations of the December 2020 report was provided to Council on [29th September 2021](#). Updates are provided in quarterly performance reports with a summary of the progress against agreed actions available on this [link](#).

Additional funding from Welsh Government has been made available from the Resilient Road Funding grant.

3. Impact of Economic Climate

On the 2nd March 2021, the Minister for Housing and Local Government (Julie James AM/MS) announced the 2021/22 Local Government Settlement. This included an overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates funding of 3.8%, with an increase for Rhondda Cynon Taf of 3.8%. Council officers and Members continue to take their fiduciary duty extremely seriously

and this has been demonstrated by the setting of prudent, equitable and fair budgets. The financial results and position demonstrated in this Statement of Accounts reflect sound financial stewardship.

Given the continuing financial pressures the Council is working under, it remains the view of the Director of Finance and Digital Services (Section 151 Officer) that the Council should hold a minimum of £10m as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward. As part of year-end arrangements for 2021/22, the Council has utilised additional one-off funding to reinstate general fund reserve balances to the minimum level (i.e. £10.292m as at 31st March 2022).

4. Medium Term Financial Plan 2021/22 to 2024/25

As reported to Council on 29th September 2021, the Council has set out assumptions within its [Medium Term Financial Plan 2021/22 to 2024/25](#). The Medium Term Financial Plan is the cornerstone of good governance and is an enabler of service delivery and service improvement within the constraints of available resources. The Public Sector has faced a prolonged period of real term reductions in funding levels for a number of years and unprecedented challenges lie ahead for services across local government, not least as a result of the national and international economic impact of the coronavirus pandemic. This position is also coupled with increasing demand and costs associated with many services, in particular Social Care Services and the need to support our residents, businesses and communities in recovering from the pandemic.

Locally, this Council has demonstrated its ability and willingness to invest in services over a long term period, linked to our priorities as set out in the Council's Corporate Plan "[Making a Difference - 2020 – 2024](#)", in order to meet the changing needs of our residents and communities. The significant 'additional' investment already agreed by Members during recent years is providing real improvements across many areas including Extra Care facilities, Schools, Town Centres, Roads, and Parks and Play Areas.

Whilst investment through the use of one-off funds has been very positive, the Council recognises that it must still address base budget shortfalls and make difficult decisions to balance its ongoing revenue budget into the medium term. The Council continues to focus on the budget gap position over the medium term and has successfully implemented a strategy of early identification and delivery of base budget reducing measures in-year. This has enabled the Council to deliver financial savings early and to replenish the Medium Term Financial Planning and Service Transformation Reserve which has been used proactively as part of the budget strategy for a number of years.

5. **The Council's Corporate Plan 2020-2024 "Making a Difference"**

For 2021/22 the Council's Corporate Plan 2020-2024 was the key strategic plan, focusing on 3 priorities:

- Ensuring People are independent, healthy and successful;
- Creating Places where people are proud to live, work and play;
- Enabling Prosperity, creating the opportunity for people and businesses to be innovative, be entrepreneurial and fulfil their potential and prosper.

A set of key commitments sits underneath each core priority:

- **People:**
 - Supporting our residents who are older, vulnerable or who have disabilities, to remain independent and have a good quality of life
 - Encouraging all residents to lead active and healthy lifestyles and maintain their mental wellbeing
 - Integrating health and social care and providing support for those with mental health problems and complex needs
 - Improving services for children and young people and ensuring the needs of children are considered in everything we do
- **Places:**
 - Keeping RCT clean through efficient street cleaning services, minimising the amount of waste we send to landfill, achieving our recycling targets through weekly recycling and regular refuse collections, and reducing our carbon footprint
 - Keeping the County Borough moving, including improvements to roads and pavements and public transport, whilst also improving air quality
 - Ensuring the County Borough is one of the safest places in Wales, with high levels of community cohesion and where residents feel safe
 - Getting the best out of our parks by looking after and investing in our greenspaces
- **Prosperity:**
 - Investing in our town centres, bringing jobs and homes into our town centres to create vibrant, thriving places people wish to live, work and socialise
 - Delivering major regeneration and transportation schemes, maximising the impact of the new South Wales Metro, to create better places to live and work, whilst protecting and enhancing the County Borough
 - Ensuring we have good schools, so all children have access to a great education
 - Increase the number of quality homes available and affordable to provide greater housing choice for residents
 - Helping people into work and better paid employment

The delivery of the above priorities is underpinned within the Corporate Plan through an approach that, amongst other things, focusses on 'Living within our means', and being an 'Efficient and effective Council', and taking action to tackle climate change.

During 2021/22, the Council's Cabinet received progress updates on the delivery of the three Corporate Plan priorities, these being reported as part of the Council's quarterly performance reporting arrangements and Cabinet confirmed that they were satisfied with the progress made. Following this, the Performance Reports were reported to the Council's Finance and Performance Scrutiny Committee for review and challenge (the quarter 4 / year-end Performance Report was reported to the Overview and Scrutiny Committee in line with the Council's updated scrutiny arrangements for the Council term 2022 - 2027).

The Council also publishes a Corporate Performance Report each year setting out an assessment of performance across its Corporate Plan priorities for the previous year and priority plans for the year ahead. The 2021/22 [report](#) was approved by Council on 20th October 2021. The publication of the Corporate Performance Report ensures the Council complies with its statutory responsibilities to assess its performance and set out plans for the year ahead in line with the Well-being of Future Generations Act 2015.

To guide the delivery of Corporate Plan priorities, in September 2017, Cabinet agreed that the Council will focus on five workstreams to improve the essential services provided:

- Digitalisation - in line with the Council's updated Digital Strategy (2022-2026) approved by Cabinet on [21st March 2022](#) setting out the Council's vision of being a truly "Digitally Driven Council," that provides excellent services, which are efficient, effective and designed with the person and modern customer expectations at their heart and delivered by a digitally empowered workforce.
- Commercialisation - creating the conditions within the Council in terms of capacity and capability to widen opportunities to trade with external organisations.
- Early Intervention and Prevention - investing in preventative services to support the delivery of savings in the medium term.
- Independence - modernising and reshaping services to ensure independence is promoted for vulnerable residents; this includes building Extra Care facilities and linking into community hub provision.
- Efficient and Effective Organisation - challenging on-going service delivery and driving out further efficiencies through bringing together similar back-office functions, reducing administration costs and also the size of the property portfolio.

In addition to these modernisation changes, the Council has committed to a strategic capital investment programme, a number of which will link in with and complement the Cardiff Capital Region City Deal:

- Regeneration Projects;
- Improving school buildings and facilities;

- Improving adult social care provision through a long-term programme of creating new Extra Care facilities;
- Improving the condition of both roads and community assets such as parks and playgrounds; and
- A programme of flood alleviation works.

The Council is also a key partner in the Cwm Taf Public Services Board. Its purpose is to improve the economic, social, environmental and cultural well-being in this area by strengthening joint working and published its first well-being plan in May 2018.

The Cwm Taf Well-being Objectives are:

- Thriving Communities;
- Healthy People;
- Strong Economy; and
- Tackling Loneliness and Isolation.

The objectives set out in the Council's Corporate Plan and the Cwm Taf Well-being Plan will help the Council and Cwm Taf Public Services Board to contribute to the seven national Well-being goals, as set out in the Well-being of Future Generations Act:

- A globally responsible Wales;
- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;
- A Wales of cohesive communities; and
- A Wales of vibrant culture and thriving Welsh Language.

6. Explanation of Core Financial Statements

The Statement of Accounts that follow this Narrative Report contains the following Core Financial Statements:

- **Movement in Reserves Statement (MiRS)** – analyses the movement in usable and unusable reserves.
- **Comprehensive Income and Expenditure Statement (CI&ES)** – reflects income and expenditure in accordance with IFRS and is analysed into service areas which reflect the way in which services operate and performance is managed.
- **Balance Sheet** – reflects all assets, liabilities and reserves of the Council as at the end of the financial year.
- **Cash Flow Statement** – analyses the movement in cash and cash equivalents for the year.

In the financial statements for 2021/22, two joint committees are consolidated:

- Central South Consortium Joint Education Service (CSCJES); and
- Cardiff Capital Region City Deal (CCRCD).

Group Accounts - Amgen Cymru Ltd. and Amgen Rhondda Ltd have been identified as group companies and have been consolidated into the group financial statements. Based on materiality, the associate company is not consolidated. Subsidiary companies are consolidated into the group statements using the acquisition method.

Annual Governance Statement – this is included within the Statement of Accounts. This statement details the Council’s governance arrangements and reviews its effectiveness.

7. Revenue Income and Expenditure 2021/22

The Comprehensive Income and Expenditure Statement provides an analysis of the Council’s gross revenue expenditure and income in accordance with IFRS.

The broad objectives of [The Council’s 2021/2022 Revenue Budget Strategy](#) were to:

- Support the delivery of our key strategic priorities (as set out in the Corporate Plan “Making a Difference” 2020-2024):
 - People – Are independent, healthy and successful
 - Places – Where people are proud to live, work and play
 - Prosperity – Creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper;
- Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
- Continue with the delivery of our key services and protect as many local jobs as possible; and
- Take a responsible approach to the level of Council Tax.

The Council’s services are managed and delivered by four groups:

- **Chief Executive** - Providing the authority wide functions of Human Resources; Democratic Services & Communications; Legal Services; the frontline services of Customer Care, Housing Benefit & Council Tax administration; and key support services of Finance, ICT & Digital Services, Corporate Estates Management and Procurement.
- **Prosperity, Development & Frontline Services** - Providing the frontline services of Highways; Transportation; Strategic Projects; Streetcare (including Waste and Street Cleansing) and Parks Services; together with Regeneration, Housing, Planning Services and Marketing, Events, Tourism & Design.

- **Education & Inclusion Services** - Providing support services to schools; Access and Inclusion; Education Other than At School; School Admissions and Governance; Early Years Services; Attendance and Wellbeing; 21st Century Schools; Asset and Data Management; Music Services; Catering Services; and school improvement support in partnership with the Central South Consortium.
- **Community & Children's Services** - Providing Adult Services (Community Care Services and Health & Social Care Services); Children's Services; Community Housing Services; Public Health & Protection; Leisure, Countryside & Cultural Services (including Theatres); Visitor Attractions & Heritage; Community Learning Services; Libraries; Welsh Language Services; Youth Engagement & Participation and Employment Programmes.

The following table details each of the service groups' actual net expenditure and budget during 2021/22. Further details were published on the Council's website within the year-end Performance Report for 2021/22.

This represents the net revenue expenditure of the Council in line with the statutory provisions that need to be taken into account when setting local taxes.

The variance against budget contributes to the movement on the Council Fund Balance:

Service Group	Budget	Spend	Variance
	£'000	£'000	£'000
Chief Executive	31,720	31,431	(289)
Community & Children's Services	168,059	168,589	530
Education & Inclusion Services	195,536	195,425	(111)
Prosperity, Development & Frontline Services	59,237	59,375	138
Total	454,552	454,820	268
Authority Wide Budgets	73,351	73,296	(55)
Total	527,903	528,116	213

	£'000
Council Fund Reserves as at 31st March 2021	(8,505)
General Fund in-year contribution	(2,000)
Revenue Budget Out-turn (Variance as above)	213
Council Fund Reserves as at 31st March 2022	(10,292)

Expenditure on services amounted to £834m and this can be analysed over the following expenditure categories:

Type of Expenditure	£'m	%
Employees	399	48
Premises	33	4
Transport	25	3
Supplies and Services	88	11
Payments to Third Parties	147	18
Transfer Payments	87	10
Capital Charges	53	6
Other Operating Costs (e.g. Support Services)	2	0
Total Gross Expenditure	834	100

Income during the year totalled £955m and came from the following sources:

Income Analysis	£'m	%
Direct Service Income		
Specific Grants	238	25
Sales, Fees & Charges	35	4
Other Income	47	5
Sub-Total Direct Service Income	320	34
Other Income		
Council Tax	146	15
Non-Domestic Rates	79	8
Non-Ringfenced Government Grants	334	35
Capital Grants and Contributions	74	8
Other	2	0
Total Income	955	100

8. Capital Expenditure and Income 2021/22

During the year the Council incurred £105.9m of capital expenditure, as summarised below:

Group	£'000
Chief Executive	3,765
Prosperity, Development & Frontline Services	68,409
Community & Children's Services	6,710
Education & Inclusion Services	27,062
Total	105,946

The type of capital expenditure incurred during the year is summarised below:

Capital Expenditure	£'000
Tangible Long-Term Assets	90,667
Intangible Long-Term Assets	1,853
Revenue Expenditure Funded from Capital under Statute	13,426
Total	105,946

This expenditure was financed as follows:

Capital Financing	£'000
Revenue Funding	17,265
Borrowing	12,426
Grants	75,446
Third Party Contributions	809
Total	105,946

Significant expenditure was incurred on:

- Disabled Facilities Grants/Adaptations (DFG);
- Fleet Vehicles;
- Highways improvements;
- Robertstown Development;
- Storm Dennis Flood Recovery;
- Transforming Towns, Taff Street and Sardis Road Properties;
- Valleys Taskforce RCT and Empty Homes;
- Ysgol Gyfun Rhydywaun; and
- Ysgol Gynradd Gymraeg Aberdar School Modernisation.

9. Summary of Future Capital and Revenue Plans

The priorities included within the Council's Corporate Plan 2020-2024 "Making a Difference" need to be underpinned by robust financial management. Forward looking financial and service planning arrangements are critical in ensuring the Council's priorities are affordable and lead the work to become more efficient, transform services and deliver investment priorities.

Capital and revenue budgets are approved annually by full Council. The Capital Programme is approved for a rolling 3-year period and updated annually. Revenue budgets are set annually in line with the Welsh Government settlement announcements.

A summary of the [Capital Programme 2022-2025](#) agreed by Council in March 2022 is as follows:

Group Expenditure	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000
Chief Executive	2,909	1,975	1,975	6,859
Prosperity, Development & Frontline Services	52,567	19,875	16,112	88,554
Education & Inclusion Services	26,128	4,567	4,265	34,960
Community & Children's Services	12,396	5,011	990	18,397
Total	94,000	31,428	23,342	148,770

Estimated resources required to fund the future Capital Programme are:

Estimated Resources Required to Fund Capital Programme	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000
Supported Borrowing	6,867	6,867	6,867	20,601
Unsupported Borrowing	11,502	289	1,000	12,791
Capital Grants	27,074	12,122	4,732	43,928
Third Party Contributions	259	13	0	272
General Fund Capital Resources	20,710	4,287	2,751	27,748
Revenue Contributions	27,588	7,850	7,992	43,430
Total	94,000	31,428	23,342	148,770

As at 31st March 2022, major capital commitments over the next three years (per the Capital Programme 2022-2025) include the following schemes:

Scheme	£'000
Porth Interchange Metro+ Local Transport Fund (LTF)	5,939
Disabled Facilities Grants/Adaptations (DFG)	12,000
Highways Improvements	6,800
Structures	6,250
Transportation Infrastructure	27,765
Storm Dennis Flood Recovery	6,441
Vehicles	7,719
School Modernisation	7,577
YG Rhydywaun School Modernisation	5,235
Modernisation Programme (Adults)	6,264
Muni Arts Centre Redevelopment	5,324

A summary of the Council's [revenue budget for 2022/23](#) (agreed in March 2022) is outlined below:

Service Area	£'000
Authority Wide	75,716
Individual Schools Budget	174,966
Community & Children's Services	183,619
Prosperity, Development and Frontline Services	65,993
Chief Executive	32,673
Education & Inclusion Services	33,825
Total	566,792

10. Borrowing Arrangements and Sources of Funds

Each year, in accordance with the Local Government Act 2003 and the Prudential Code, the Council is required to set limits in relation to borrowing and to set various other prudential and treasury indicators.

The limit set at the start of the financial year was as follows:

The Authorised borrowing limit approved at the start of the year was £532.0m.

The Council's borrowing totals £392.7m, of which £373.5m is long-term and £19.2m is short-term. This external borrowing is from the Public Works Loan Board (PWLB) £221.5m, Welsh Government repayment funding £80.6m, £90.6m from market loans and other sources.

The Council is required to prepare a Treasury Management Strategy and a Capital Strategy for the forthcoming year, and these were approved by full Council on 10th March 2021 for the 2021/22 financial year. The Council's Treasury Management Practices allow the Council to raise funds from a variety of sources, including the PWLB and the money market. The Section 151 Officer is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

11. Pensions Assets and Liabilities

As a result of International Accounting Standard (IAS) 19 "Employee Benefits", local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the Balance Sheet date. Please refer to notes 14.4 and 33.0 to the Core Financial Statements for further details. The effect of IAS 19 upon the reserves of the Council is as follows:

	£'000
Net Assets excluding Pensions Reserve	1,095,794
Net Assets as per Balance Sheet	490,834

12. Cardiff Capital Region City Deal (CCRCD)

On 15th March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal, an agreement between the UK Government, the Welsh Government and the ten leaders to develop and manage £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund. This investment comprises £734m on a Metro scheme and £495m for Investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals. On 25th February 2021, Rhondda Cynon Taf Cabinet received a report [The Cardiff Capital Region City Deal – Five Years On](#). This report provides an update on the progress made by the Cardiff Capital Region Joint Cabinet in respect of the agreed commitments set out in the CCRCD. Some of the major investments in the last five years are:

- Compound Semi Conductor Foundry;
- Metro Plus Schemes, for example Porth Interchange;
- Metro Central, redevelopment of Cardiff Central Station; and
- Housing Investment Fund.

On [27th January 2022](#), Cabinet received an update on Welsh Government Regulations to establish Corporate Joint Committees and the impact this has on the Cardiff Capital Region Joint Committee. As reported to Cabinet on [4th](#)

[October 2021](#), the CCRCD Cabinet on 20th September 2021 agreed to transition CCR's existing operational and delivery model into a single corporate body, the South East Wales Corporate Joint Committee (SEWCJC). This would mean carrying across CCR's existing governance arrangements under the Joint Working Arrangement to the CJC such that the CJC adopts the existing decision-making and oversight role of the Joint Committee. They also agreed to undertake an exercise analysing existing projects/pipeline projects and, where appropriate (in the case of existing projects), transferring such projects to the CJC to act as the vehicle for project delivery going forwards.

For 2021/22 the Joint Committee accounts of CCRCD (which includes the subsidiary company CSC Foundry Ltd) have been consolidated into the Council's accounts based upon the population figures as specified in the Joint Working Agreement approved by Council on 25th January 2017.

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 to ensure one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Director of Finance & Digital Services.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I confirm that these accounts were approved by Council.

Signature: _____ Date: _____

Presiding Officer
Rhondda Cynon Taf CBC
The Pavilions
Cambrian Park
Clydach Vale
Tonypany
CF40 2XX

The Director of Finance & Digital Services' Responsibilities

The Director is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Director has:


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

The Director has also throughout the financial year:

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

Certificate of the Director of Finance & Digital Services on the Accounts of Rhondda Cynon Taf CBC for 2021/22

I certify that the accounts present a true and fair view of the financial position of Rhondda Cynon Taf CBC as at 31st March 2022 and its income and expenditure for the year.

Signature:  _____ Date: 28 July 2022 _____

Barrie Davies
Director of Finance & Digital Services
Rhondda Cynon Taf CBC
The Pavilions
Cambrian Park
Clydach Vale
Tonypandy
CF40 2XX

Movement in Reserves Statement (MiRS)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves”. The Total Comprehensive Income and Expenditure line shows the economic cost of providing the Council’s services on an International Financial Reporting Standards basis, 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 for Council Tax setting. The Net Increase/(Decrease) before transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in Reserves Statement for the year ending 31st March 2021

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
Balance at 1st April 2020	8,709	69,616	39,028	2,384	1,750	24,934	136	146,557	53,175	199,732
Movement in reserves during 2020/21:										
Total Comprehensive Income and Expenditure	34,811	0	(118)	0	0	0	0	34,693	(8,950)	25,743
Adjustments between accounting basis and funding under regulations:										
Adjustments primarily involving the Capital Adjustment Account:										
Reversal of items debited/credited to CI&ES:										
Charges for depreciation and impairment of long-term assets	28,566	0	0	0	0	0	0	28,566	(28,566)	0
Revaluation losses on property, plant & equipment	36,900	0	0	0	0	0	0	36,900	(36,900)	0
Movement in the fair value of Investment Properties	215	0	0	0	0	0	0	215	(215)	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	1,675	0	0	0	0	0	0	1,675	(1,675)	0
Revenue expenditure funded from capital under statute	10,735	0	0	0	0	0	0	10,735	(10,735)	0

Continued Overleaf...

Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(358)	0	0	0	358	0	0	0	0	0
Insertion of items not debited/ credited to CI&ES:										
Statutory provision for the financing of capital investment	(13,561)	0	0	0	0	0	0	(13,561)	13,561	0
Capital expenditure charged against the Council Fund Balances	(14,209)	0	0	0	0	0	0	(14,209)	14,209	0
Adjustments primarily involving the Capital Grants Unapplied Account:										
Capital grants and contributions unapplied credited to CI&ES	(70,103)	0	(706)	0	0	70,103	0	(706)	706	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(62,674)	0	(62,674)	62,674	0
Adjustments involving the Capital Receipts Reserve:										
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	0	0	0	0	1,512	0	0	1,512	(1,512)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(515)	0	0	(515)	515	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	849	0	0	849	(849)	0
Adjustments involving the Financial Instruments Adjustment Account:										
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(88)	0	0	0	0	0	0	(88)	88	0
Adjustments involving the Pensions Reserve:										
Reversal of items relating to retirement benefits debited or credited to the CI&ES	72,460	0	295	0	0	0	0	72,755	(72,755)	0
Continued Overleaf...										

Employer's pensions contributions and direct payments to pensioners payable in the year	(35,120)	0	(52)	0	0	0	0	0	(35,172)	35,172	0
Adjustment involving the Accumulated Absences Account:											
Amount by which officer remuneration charged to the CI&ES on an accruals basis	123	0	7	0	0	0	0	0	130	(130)	0
Other adjustments include:											
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	52,046	0	(574)	0	2,204	7,429	0	61,105		(35,362)	25,743
Transfers to or from Earmarked Reserves	(52,250)	7,213	35,337	9,651	0	0	49	0		0	0
Increase or (decrease) in the year	(204)	7,213	34,763	9,651	2,204	7,429	49	61,105		(35,362)	25,743
Balance at 31st March 2021	8,505	76,829	73,791	12,035	3,954	32,363	185	207,662		17,813	225,475

Movement in Reserves Statement for the year ended 31st March 2022

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Notes:	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
Balance at 1st April 2021	8,505	76,829	73,791	12,035	3,954	32,363	185	207,662	17,813	225,475
Movement in reserves during 2021/22:										
Total Comprehensive Income and Expenditure	56,361	0	684	0	0	0	0	57,045	208,312	265,357
Adjustments between accounting basis and funding under regulations:										
Adjustments primarily involving the Capital Adjustment Account:										
Reversal of items debited/credited to CI&ES:										
Charges for depreciation and impairment of long-term assets	3,491	0	94	0	0	0	0	3,585	(3,585)	0
Revaluation losses on property, plant & equipment	34,490	0	1,094	0	0	0	0	35,584	(35,584)	0
Movement in the fair value of Investment Properties	610	0	114	0	0	0	0	724	(724)	0
Capital Grants and Contributions applied	0	0	(603)	0	0	0	0	(603)	603	0
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	1,582	0	0	0	0	0	0	1,582	(1,582)	0
Movement in the Donated Assets Account	(1,020)	0	0	0	0	0	0	(1,020)	1,020	0
Revenue expenditure funded from capital under statute	13,425	0	0	0	0	0	0	13,425	(13,425)	0

Continued Overleaf...

Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	758	0	0	0	0	0	0	0	758	(758)	0
Insertion of items not debited/ credited to CI&ES:											
Statutory provision for the financing of capital investment	(14,511)	0	0	0	0	0	0	0	(14,511)	14,511	0
Capital expenditure charged against the Council Fund Balances	(17,264)	0	0	0	0	0	0	0	(17,264)	17,264	0
Adjustments primarily involving the Capital Grants Unapplied Account:											
Capital grants and contributions unapplied credited to CI&ES	(81,868)	0	0	0	0	81,868	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(76,256)	0	(76,256)	76,256	0	0
Adjustments involving the Capital Receipts Reserve:											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(1,079)	0	0	0	1,079	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	423	0	0	423	(423)	0	0
Adjustments involving the Financial Instruments Adjustment Account:											
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(90)	0	0	0	0	0	0	(90)	91	1	0
Adjustments involving the Pensions Reserve:											
Reversal of items relating to retirement benefits debited or credited to the CI&ES	97,810	0	463	0	0	0	0	98,273	(98,273)	0	0
Continued Overleaf...											

Employer's pensions contributions and direct payments to pensioners payable in the year	(37,170)	0	(62)	0	0	0	0	(37,232)	37,232	0
Adjustment involving the Accumulated Absences Account:										
Amount by which officer remuneration charged to the CI&ES on an accruals basis	933	0	7	0	0	0	0	940	(939)	1
Other adjustments include:										
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	56,458	0	1,791	0	1,502	5,612	0	65,363	199,996	265,359
Transfers to or from Earmarked Reserves	(54,671)	9,108	36,840	8,526	213	0	(16)	0	0	0
Increase or (decrease) in the year	1,787	9,108	38,631	8,526	1,715	5,612	(16)	65,363	199,996	265,359
Balance at 31st March 2022	10,292	85,937	112,422	20,561	5,669	37,975	169	273,025	217,809	490,834

Comprehensive Income and Expenditure Statement (CI&ES)

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. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**Comprehensive Income and Expenditure Statement for the year ended
31st March 2022**

2020/21			Note:	2021/22		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000		£'000	£'000	£'000
109,676	(24,785)	84,891	Prosperity, Development & Frontline Services	118,852	(32,872)	85,980
65,526	(10,109)	55,417	Chief Executive	54,428	(11,847)	42,581
257,439	(56,989)	200,450	Education & Inclusion Services	275,610	(71,802)	203,808
262,473	(81,609)	180,864	Community & Children's Services	292,365	(110,540)	181,825
98,130	(113,705)	(15,575)	Authority Wide Budgets	90,373	(90,493)	(120)
1,308	(1,758)	(450)	Joint Committees	2,478	(2,413)	65
794,552	(288,955)	505,597	Cost of Services	834,106	(319,967)	514,139
			Other Operating Expenditure			
23,230	0	23,230	Precepts	24,316	0	24,316
12,406	0	12,406	Levies	12,901	0	12,901
0	(358)	(358)	(Gains) or Losses on Disposal of Non-Current Assets	0	(319)	(319)
		0				
		0	Financing and Investment Income and Expenditure			
11,397	0	11,397	Interest Payable and Similar Charges	11,171	0	11,171
14,579	0	14,579	Net Interest on Net Defined Liability	14,491	0	14,491
0	(597)	(597)	Interest Receivable and Similar Income	0	(640)	(640)
1,310	(324)	986	Income, Expenditure and Changes in the Fair Value of Investment Properties	628	(324)	304
		0				
		0	Taxation and Non-Specific Grant Income			
0	(140,915)	(140,915)	Council Tax Income	0	(146,388)	(146,388)
0	(74,592)	(74,592)	NDR Distribution	0	(79,250)	(79,250)
0	(321,312)	(321,312)	Non-Ringfenced Government Grants	0	(333,966)	(333,966)
0	(64,987)	(64,987)	Capital Grants and Contributions	0	(73,881)	(73,881)
0	(127)	(127)	Corporation Tax - Joint Committees	77	0	77
857,474	(892,167)	(34,693)	(Surplus) or Deficit on the Provision of Services	897,690	(954,735)	(57,045)
14,468	(18,999)	(4,531)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	4,149	(47,682)	(43,533)
13,481	0	13,481	Remeasurement of the Net Defined Benefit Liability	0	(164,779)	(164,779)
27,949	(18,999)	8,950	Other Comprehensive Income and Expenditure	4,149	(212,461)	(208,312)
885,423	(911,166)	(25,743)	Total Comprehensive Income and Expenditure	901,839	(1,167,196)	(265,357)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council at the financial year end. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet as at 31st March 2022

31/03/21			31/03/22	
£'000		Note:	£'000	£'000
	Long-Term Assets	Property, Plant & Equipment:	6.0	
709,205		Other Land & Buildings		759,282
497,215		Infrastructure		526,504
11,987		Vehicles, Plant & Equipment		15,129
5,074		Community Assets		5,011
1,983		Assets Under Construction		15,832
145		Heritage Assets		145
8,164		Investment Properties		7,546
0		Defined Benefit Pension Scheme Asset		230
3,204		Long-Term Intangible Assets		3,475
6,615		Long-Term Investments	7.1	2,615
3,035		Investment in Subsidiaries		3,032
4,919		Long-Term Debtors		7,122
1,251,546		TOTAL LONG-TERM ASSETS		1,345,923
	Current Assets	Short-Term Investments	7.1	133,770
23,479		Assets Held for Sale		1,196
705		Inventories		1,443
2,681		Short-Term Debtors	8.0	146,188
123,020		Cash and Cash Equivalents	9.0	18,792
14,533		TOTAL CURRENT ASSETS		301,389
164,418				
	Current Liabilities	Cash and Cash Equivalents	9.0	(15,772)
(20,932)		Short-Term Borrowing	7.1	(19,156)
(32,176)		Short-Term Donated Assets Account		0
(1,515)		Short-Term Provisions	11.0	(1,508)
(1,636)		Short-Term Creditors	10.0	(131,370)
(111,146)		TOTAL CURRENT LIABILITIES		(167,806)
(167,405)				
	Long-Term Liabilities	Long-Term Creditors		(3,986)
(6,770)		Long-Term Provisions	11.0	(3,439)
(3,580)		Capital Grants Receipts in Advance		(1,798)
0		Long-Term Borrowing	7.1	(373,531)
(303,324)		Other Long-Term Liabilities	12.0	(605,795)
(709,287)		Long-Term Donated Assets Account		(123)
(123)		TOTAL LONG-TERM LIABILITIES		(988,672)
(1,023,084)				
225,475	NET ASSETS			490,834

Continued Overleaf...

8,505	Usable Reserves	Council Fund Balance	13.1	10,292	
		Earmarked Reserves:	13.2		
76,829		Capital, Treasury and Insurance Reserves	13.2	85,937	
73,791		Other Revenue Related Reserves	13.2	112,422	
12,035		Delegated Schools Reserve	13.3	20,561	
3,954		Usable Capital Receipts Reserve	13.4	5,669	
32,363		Capital Grant Unapplied Account	13.5	37,975	
185		MGCC Insurance Reserve		169	
207,662			TOTAL USABLE RESERVES		
207,440	Unusable Reserves	Revaluation Reserve	14.1	243,860	
423		Deferred Capital Receipts Reserve		0	
529,843		Capital Adjustment Account	14.2	590,952	
(5,399)		Financial Instruments Adjustment Account	14.3	(5,308)	
(708,698)		Pensions Reserve	14.4	(604,960)	
(5,796)		Short-Term Accumulating Compensated Absence Account		(6,735)	
17,813		TOTAL UNUSABLE RESERVES			217,809
225,475	TOTAL RESERVES				490,834

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council 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 Council'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 Council.

Cash Flow Statement 2021/22

2020/21 £'000		Note:	2021/22	
			£'000	£'000
(34,693)	Net (Surplus) or Deficit on the Provision of Services		(57,045)	
(96,422)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	15.0	(91,611)	
67,703	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	16.0	75,596	
(63,412)	Net Cash Flows from Operating Activities			(73,060)
25,667	Investing Activities	18.0	141,460	
39,420	Financing Activities	19.0	(58,981)	82,479
1,675	Net Increase or Decrease in Cash or Cash Equivalents			9,419
4,724	Cash and Cash Equivalents at the Beginning of the Reporting Period	9.0		(6,399)
6,399	Cash and Cash Equivalents at the End of the Reporting Period	9.0		3,020

Expenditure and Funding Analysis

The Expenditure and Funding Analysis brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pension benefits earned by the employees. Statutory provisions determine how much of the Council's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis;

- shows for each of the Council's services a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two.

This analysis promotes accountability and stewardship by providing a direct link with the annual decision making process of the Council and its budget i.e. the Council Fund. It follows the performance framework of the Council.

Expenditure and Funding Analysis Statement for the year ended 31st March 2021

	2020/21		
	Income and Expenditure Chargeable to the Council Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure for the Equivalent Amounts for CI&ES
	£'000	£'000	£'000
Prosperity, Development & Frontline Services	55,510	29,381	84,891
Chief Executive	30,236	25,181	55,417
Education & Inclusion Services	191,767	8,683	200,450
Community & Children's Services	160,351	20,513	180,864
Authority Wide Budgets	71,087	(86,662)	(15,575)
Joint Committees	0	(450)	(450)
Cost of Services	508,951	(3,354)	505,597
Other Income and Expenditure	(508,747)	(31,543)	(540,290)
(Surplus) or Deficit	204	(34,897)	(34,693)
Opening Council Fund at 31 st March 2020	(8,709)		
Less (Surplus) Deficit on Council Fund in Year	204		
Closing Council Fund at 31st March 2021	(8,505)		

Expenditure and Funding Analysis Statement for the year ended 31st March 2022

	2021/22		
	Income and Expenditure Chargeable to the Council Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure for the Equivalent Amounts for CI&ES
	£'000	£'000	£'000
Prosperity, Development & Frontline Services	59,374	26,606	85,980
Chief Executive	31,431	11,151	42,582
Education & Inclusion Services	195,435	8,372	203,807
Community & Children's Services	168,589	13,236	181,825
Authority Wide Budgets	73,297	(73,417)	(120)
Joint Committees	0	65	65
Cost of Services	528,126	(13,987)	514,139
Other Income and Expenditure	(529,913)	(41,271)	(571,184)
(Surplus) or Deficit	(1,787)	(55,258)	(57,045)
Opening Council Fund at 31 st March 2021	(8,505)		
Less (Surplus) Deficit on Council Fund in Year	(1,787)		
Closing Council Fund at 31st March 2022	(10,292)		

Notes to the Core Financial Statements

1.0 Significant Accounting Policies

1.1 Accruals of Expenditure and Income

The accounts of the Council have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Council transfers the significant risks and rewards of goods, or provides the services to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Supplies are recorded as expenditure when they are consumed. Where the Balance Sheet date falls between supplies receipt and consumption, where significant, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract. Statutory adjustments relating to interest are reflected in the Movement in Reserves Statement.

Capital transactions are also recorded on an accrual basis, as prescribed by the Code of Practice on Local Authority Accounting.

1.2 Cash and Cash Equivalents

Cash and Cash Equivalents are sums of money available for immediate use by the Council. Such items are deemed to be cash balances held in the Council's bank accounts (less unpresented cheques), any overdrawn bank balance and petty cash balances.

Short-term investments are not deemed to be cash and cash equivalents as these are not readily available without incurring penalties.

1.3 Contingent Liabilities

A contingent liability is a possible item of expenditure that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Such contingent liabilities are not reflected in Provisions in the Balance Sheet as it may not be probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably .

Material contingent liabilities are disclosed in Notes to the Core Financial Statements.

1.4 **Employee Benefits**

All costs relating to employee benefits are accounted for on an accruals basis.

Termination Benefits

These are amounts payable by the Council as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. Such costs are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

When terminations involve the enhancement of pensions, statutory provisions require the Council Fund to be charged with the amount payable by the Council. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional entries for pension enhancements and replace them with amounts paid and payable.

Pensions

The Council participates in two separate pension schemes that meet the needs of employees in particular services:

Teachers - This is an unfunded scheme administered by Teachers' Pensions on behalf of the Department of Education. Contribution rates are set on the basis of a notional fund. Whilst this is a Defined Benefit Scheme, Teachers' Pensions is unable to identify the Council's share of the underlying assets and liabilities and accordingly, the Council has accounted for its contributions to the scheme as if it were a Defined Contribution Scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations, under which contribution rates are set by the Fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% in 2021/22 (2.1% in 2020/21).
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value

- The change in the net pensions liability is analysed as follows:
 - Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked plus administration expenses.
 - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
 - Expected Return On Assets – the annual investment return on the fund assets attributable to the Council based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
 - 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 financial, demographic or experience assumptions – debited or credited to the Pensions Reserve.
 - Contributions Paid to the Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.

In relation to retirement benefits, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award.

Accumulated Absence

The Council accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge upon Councils. This Council has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absence Account in Unusable Reserves.

1.5 Events after the Reporting Period

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified;

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements);
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but, where material, disclosure is made in the Notes to the Core Financial Statements).

1.6 Financial Instruments

Financial Instruments consist of Financial Liabilities and Financial Assets.

Financial Liabilities

Financial Liabilities are carried at amortised cost. Annual charges to 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. Where a loan has a single rate of interest over its term, it results in the amount presented in the Balance Sheet being the outstanding principal repayable, and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the loan agreement. Where loans have a rate that is lower in the initial years, the effective interest rate charge to the Comprehensive Income and Expenditure Statement “smooths” the interest rate differential. The difference between the effective interest rate charge and actual interest paid is adjusted in the Movement in Reserves Statement.

For most borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains (discounts) and losses (premiums) on the repurchase or early settlement of borrowing are credited/debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase/early settlement is deemed to be a modification of existing instruments, the discounts/premiums are incorporated into the value of the instrument and written down to the Comprehensive Income and Expenditure Statement over the life of the loan via an adjustment to the effective interest rate.

Where premiums or discounts have been applied to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years equal to the life of the replaced or replacement loan.

Financial Assets

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

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income.

Rhondda Cynon Taf CBC's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost.

Loans and Receivables are initially recognised at fair value and subsequently carried at amortised cost. Interest Receivable and Similar Income in the Comprehensive Income and Expenditure Statement is based upon the carrying amount of the asset multiplied by the effective interest rate for the instrument. This means that the value in the Balance Sheet is the outstanding principal plus any accrued income, and the income recognised in the Comprehensive Income and Expenditure Statement is based upon the rate quoted in the loan agreement.

Interest that is due but unpaid at year-end is categorised in the Balance Sheet as a current asset or liability. This is the case even if the financial asset or liability it relates to is a long-term instrument.

There needs to be a calculation for an "expected credit loss" on financial assets held at amortised costs, either on a 12 month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Where risk has significantly increased since an asset was originally recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

1.7 Intangible Assets

Intangible assets are those Long-Term Assets that do not have physical substance but are identifiable by the access to future economic benefits that are controlled by the Council through custody or legal rights.

Software and Licences are capitalised at cost and are amortised over their economic lives, which are reviewed at the end of each reporting period and revised if necessary.

An asset is tested for impairment whenever there is an indication that the asset may be impaired. Any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is reflected in the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an effect upon Council Fund Balances and are reversed in the Movement in Reserves Statement.

1.8 Leases

Whether a lease is finance or operating depends upon the substance of the transaction rather than the legal form.

Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract.
- Option to purchase asset at a price lower than fair value.
- Lease term is for a major part of the economic life of the asset.
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- Leased assets are of a specialised nature and only the lessee can use them without major modifications.

Leases of land and buildings are considered separately for the purpose of lease classification.

Finance Leases

A finance lease is one which transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Where the Council is lessee, an asset and liability is recognised at lease inception. The asset is subsequently depreciated and revalued as though it were the legal property of the Council. The liability reduces as lease payments are made.

Where the Council is lessor, the lease payment receivable is recognised as a repayment of principal with the interest element of the payment being recognised in the Comprehensive Income and Expenditure Statement. No asset is recognised.

Operating Leases

An operating lease is deemed to be any lease other than a Finance Lease.

Where the Council is lessee, lease payments are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis unless another systematic basis is more representative of the benefits received.

Where the Council is lessor, the income should be recognised on a straight-line basis unless another systematic basis is more representative of the benefits received. Other Land & Buildings leased out under an operating lease will be subject to depreciation in the same manner as other assets within the same category.

1.9 **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Depreciation is charged on a straight-line basis on most tangible assets with a finite useful life, excluding non-depreciable land. Asset lives have been identified on an individual basis.

1.9.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council, and the cost of the item can be measured reliably. The Council operates a £10k de-minimis policy for recognising such expenditure as capital. Expenditure on assets not owned by the Council, but where continuing benefit is received, is also capitalised on an accruals basis. Although capitalised, this expenditure is amortised in the year it is incurred.

The Council operates a de-minimis policy for recording assets in the asset register. De-minimis levels are in place as follows:

Asset Type	£'000
Land & Buildings	20
Vehicles	10
Plant & Equipment	10
Infrastructure	20
Community Assets	Nil

1.9.2 Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs.

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

Tangible Long-Term assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued

by the Royal Institute of Chartered Surveyors (RICS). Property, Plant and Equipment assets are generally valued on the basis of existing use value (EUV) which is deemed to be "current value". Specialist items (e.g. schools) are valued on a depreciated replacement cost basis (DRC). This method of valuation calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life. This cost calculation is known as Modern Equivalent Valuation (MEV). Investment properties are valued on a fair value basis. Infrastructure assets are included at historic cost, and adjusted to reflect depreciation. Adopted roads, built by private developers, are deemed to have zero historical cost to the Council and therefore are not recognised in the Statement of Accounts.

Where assets are not in use but do not meet the criteria for Assets Held for Sale, then they are classed as Surplus Assets within the Property, Plant and Equipment and Other Land and Building categories. Surplus Assets are valued at fair value. Fair value is the price that would be received between willing market participants. The highest and best use of the asset needs to be considered. Inputs to the valuation techniques in respect of these assets are categorised as the following hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset or liability. For example, market conditions; recent sale prices.

Level 3 – unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

Fair value measurement differentiates between measurements that are recurring i.e. at the end of each period, for example surplus assets and those that are non-recurring measured on particular circumstances, for example assets held for sale.

In the accounts there are approximately 169 Surplus Assets with a recurring fair value of £4.1m. Most of the assets are valued at level 2 inputs, with the exception of one asset which has been valued at £100k using level 3 inputs. For this asset an adjustment has been made to the level 2 inputs to take into account the condition of the asset.

Community assets are valued on an historic cost basis. These have no determinable useful life and are assets that the Council intend to hold in perpetuity. Examples of community assets are parks and memorials.

Assets under Construction are valued at historic cost until they become operational. When they are brought into use they are revalued on the relevant basis.

Heritage Assets are recognised as such if they are material non-operational assets that are held purely for cultural or knowledge gaining purposes. These assets are recognised at cost or market value, are reviewed for impairment but not depreciated.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

Where decreases in value are identified, they are accounted for as follows:

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

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

1.9.3 Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

1.9.4 Depreciation

Depreciation is charged on a straight-line basis on most property, plant and equipment. All asset lives have been identified on an individual basis.

Exceptions are made for:

- Heritage Assets.
- Assets without a determinable finite useful life such as freehold land.

- Assets that are not yet available for use i.e. assets under construction and assets held for sale.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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.

Depreciation is calculated in the year of acquisition and not in the year of disposal.

1.9.5 Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. These assets are measured at the lower of the value they had when it was agreed they would be sold and fair value less costs to sell.

The valuation in the balance sheet can be split as follows:

	£'000
Fair value	1,160
Carrying value	36
Total value in Balance Sheet	1,196

The non-recurring fair value is measured using level 2 in the input hierarchy (refer to note 1.9.2 for explanation of levels). Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to long-term assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. The criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition.
- Sale highly probable.
- Actively marketed.
- Sale completion expected within 12 months.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if

any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are required to be credited to the Usable Capital Receipts Reserve, and can then be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Usable Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

1.10 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. To ensure this is not a charge against the Council Fund Balance, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for long-term assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

1.11 Revenue Expenditure Funded from Capital Under Statute

This is expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a Long-Term Asset. It is charged as expenditure to the relevant service line(s) in the Comprehensive Income and Expenditure Statement in the year. Where the Council funds such expenditure from capital resources, a transfer in the Movement in Reserves Statement to the Council Fund Balance from the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.12 Government Grants and Other Contributions

Government grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that;

- the conditions for their receipt have been/will be complied with; and
- the grant or contribution will be received.

Monies advanced where there is no reasonable assurance of the above two criteria are held as creditors in the Balance Sheet.

Revenue grants are credited to the relevant service and capital grants are credited to the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Statement.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a capital grant has been recognised as income but not yet used to finance capital expenditure, it is credited to Capital Grants Unapplied via the Movement in Reserves Statement. Subsequently, when the funds are used, the grant is transferred from Capital Grant Unapplied Account to Capital Adjustment Account.

Where a claim has yet to be signed off by Audit Wales, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

Due to the impact of the Covid-19 pandemic, there have been a large number of new grants and financial support packages made available by Welsh Government.

In terms of accounting arrangements, risk based criteria was used to determine whether these grants are to be accounted as income and expenditure through the Comprehensive Income and Expenditure Statement (Principal) or through the Balance Sheet (Agent). All administration fees are treated as Principal. Please refer to the Narrative Report for more details on Covid-19.

1.13 Charges to Revenue for Long-Term Assets

Services are debited with the following items to record the cost of holding Long-Term Assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of Intangible Assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. Therefore, these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement.

1.14 Minimum Revenue Provision/Provision for the Repayment of Debt

The Local Government Act 2003 requires each local authority to set aside a Minimum Revenue Provision (MRP) for debt redemption. In accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 the Council's accounting treatment is as follows:

Supported Borrowing: The MRP on supported borrowing is written off on a straight line basis over 40 years, linked (broadly) to the lives of the Council's assets.

Unsupported Borrowing: MRP is charged to the Council Fund Balance as follows:

- Charge in equal instalments (or to match the benefits derived) over the life of the asset created (asset life must be applied for any expenditure capitalised under a Capitalisation Direction);
- Annuity method;
- Charge in accordance with the depreciation of the asset; or
- An alternative appropriate method permitted by the guidance.

Finance Leases: In accordance with MRP guidance issued by the Welsh Government, MRP for finance leases, represents the principal element of repayments made by the Council (refer to Lease policies).

1.15 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

1.16 Interests in Companies and Other Entities

The Council has interests in companies and other entities which are required to be included in the financial statements.

Amgen Cymru Ltd. and Amgen Rhondda Ltd. meet the criteria of subsidiaries and are represented within Long-Term Assets in the Balance Sheet of the financial statements.

Capita Glamorgan Consultancy Ltd. meets the criteria of an associated company.

Due to materiality Group financial statements have been produced to include Amgen Cymru Ltd. and Amgen Rhondda Ltd. The consolidation has been done using the acquisition method. The accounts for Amgen Cymru Ltd., Amgen Rhondda Ltd. and Capita Glamorgan Consultancy Ltd. will be available separately once audited.

The Council participates in various Joint Committee arrangements. In line with materiality considerations, only two of these Joint Committees, Central South Consortium Joint Education Service (CSCJES) and Cardiff Capital Region City Deal (CCRCD), have been included within the Council's financial statements. The consolidation has been done on a line-by-line basis, calculated using a reasonable apportionment methodology.

Based on materiality individually or collectively, the following Joint Committees have not been consolidated into the Council's financial statements:

- Glamorgan Archives
- Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)
- Coychurch Crematorium
- Llwydcoed Crematorium
- South East Wales Corporate Joint Committee (SEWCJC)

1.17 Inventories

Stock items are held on the balance sheet at latest price within Inventories if received but not used by the end of the financial year.

2.0 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (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.

- IFRS 16 *Leases* (but **only** for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These amendments should not materially affect this Council.

The Code requires implementation after 1st April 2022, there is therefore no impact on the 2021/22 statement of accounts.

3.0 Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in note 1.0, the Council has had to make certain judgements about complex transactions and those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

3.1 Grants and Contribution Conditions

Judgements are made in terms of conditions attached to both capital and revenue grants. Grants are recognised as income when received/receivable. Unless there are assumptions that conditions of the grant are breached, a return obligation is not recognised. As a result, capital grants received, with no expected return obligation are reflected in the Capital Grants Unapplied Account until they are used to fund the Capital Programme. Similarly, revenue grants received with no expected return obligation that are to be used to fund future years' expenditure are reflected in Earmarked Reserves in the Balance Sheet.

3.2 Voluntary Aided and Voluntary Controlled Schools

The Code confirms that the accounting treatment of local authority maintained schools in England and Wales depends on the balance of control. For voluntary aided schools any long-term assets that are not owned by the Council but by another legal body, such as the Diocese, are not to be shown on the Balance Sheet.

The Balance Sheet includes land at St Margaret's Catholic School and playing fields at both St John Baptist Church in Wales High School and Cardinal Newman Comprehensive School, as ownership lies with the Council. When reviewing the existing criteria, the Council does not consider it has any voluntary controlled schools.

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

This Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because assets and liabilities cannot always be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4.1 Pensions Asset and Liability (including GMP equalisation and indexation, McCloud/Sargeant Judgement and Cost Management process)

Pensions Asset/Liability

Estimation of the net asset/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. AON is engaged to provide the Joint Committee with advice about the assumptions to be applied.

COVID impact

The information upon which the actuary bases assumptions on mortality impacted by COVID has moved from a neutral to a negative outlook. This has resulted in an estimated reduction in liabilities of 1%.

GMP equalisation and indexation

The disclosures allow for full CPI inflation pension increases to be paid on Guaranteed Minimum Pension (GMP) for those reaching State Pension Age on or after 6th April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has consulted on its approach to compensating affected members and announced on 23rd March 2021 that it would adopt a long-term policy of uprating GMPs in line with CPI for members whose State Pension Age is on or after 6th April 2016. The consultation response recognised that this solution will not address all sex inequalities for a minority of member and further guidance is expected from Department for Levelling Up, Housing and Communities (DLUHC) on how they propose to deal with this. These inequalities are expected to be small.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required for members who transferred benefits out since May 1990. Government has not yet acknowledged a liability in public service schemes nor indicated an approach in rectifying this. Therefore, no allowance for potential liabilities relating to the second Lloyds ruling is included in the accounts.

Goodwin Ruling

In June 2020 an Employment Tribunal ruled in relation to the Teacher's Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a ministerial statement on 20th July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. As these changes are yet to be reflected in the LGPS regulations and also on the basis of materiality, allowance has not been made in the calculations.

McCloud / Sargeant Judgement

The Court of Appeal found that the transitional protection arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory. This has implications for other public sector schemes that were reformed around the same time (including the LGPS) and could potentially lead to members deemed to be discriminated against being compensated. The Supreme Court denied the Government's application for permission to appeal this judgement on 27th June 2019. The matter was referred to Employment Tribunals for remedy hearings and the Ministry for Housing, Communities and Local Government (MHCLG) (now DLUHC) undertook a consultation on the remedy and confirmed they would be proceeding with the key principles as laid out in the consultation. The figures produced by AON for 2020/21 disclosures included a McCloud underpin liability within current service cost, together with an allowance reflecting service since the scheme reforms (2014 in Wales). The same approach has been adopted for 2021/22. The method used by AON to value the McCloud remedy and therefore disclosed within the Statement of Accounts is closely aligned to that which the DLUHC has confirmed they will proceed.

Cost Management Process in the LGPS

Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the “Cost Management Process”. HM Treasury and the Scheme Advisory Board had paused their reviews following the McCloud judgement in the Court of Appeal. These have now been unpaused and HMT Directions were made over 2021, allowing SAB and HMT reviews to proceed. The outcome of the SAB review has been published and recommended no changes to the provisions of the scheme. It is expected that the outcome of the HMT review will also recommend no changes. The legality of the Government’s decision to include McCloud costs as a member cost within the 2016 HMT process is being challenged by a Judicial Review brought by trade unions. If the Judicial Review is successful, this may cause the 2016 HMT process to be re-run and could result in changes to benefits or member contributions backdated to 1st April 2019.

No allowance has been made for the potential cost of improving members benefits under these reviews.

4.2 Insurance Provision

The Council makes provision for all claims received (but not yet paid) according to the “reserve” value attached to that claim. The reserve value represents the most likely value to settle the claim, not taking into account probability of settlement. Reserve values are provided by the Council’s in-house insurance team, claims handlers and loss adjusters depending on the claim type and estimated value of the claim. Motor and property claims are provided for at 100% of the reserve value. Liability claims are provided for at a percentage based on the length of time a claim remains unresolved. This reflects that not all claims received are paid. Some are successfully repudiated. Refer to note 11.0 for further details.

The risks attached to misstatement are that existing claims will change in value (increase or decrease) or be successfully repudiated. An Earmarked Reserve is established to meet the additional costs relating to the impact of these potential changes in estimates. The Earmarked Reserve also funds claims or incidents that have occurred but claims are yet to be received. Refer to note 13.2 for further details.

4.3 Property, Plant and Equipment

External valuers undertake formal valuations within a maximum of a 5-year rolling programme to ensure that assets in the Balance Sheet are represented at “current value”. Due to the significant increases in construction costs reflected in the General Building Cost Index in 2021/22, the current value of DRC assets has been updated for indexation. The transactions have been shown as a revaluation and either reversed previous impairments through a credit in revenue with a corresponding entry in the MIRS, or shown as a credit in the revaluation reserve.

Valuations are undertaken in accordance with guidance issued by the Royal Institute of Chartered Surveyors (RICS). Within the computation of the current value valuation, assumptions are made upon the useful lives of assets which could be subject to change in future years.

5.0 Events After the Reporting Period

The draft, unaudited Statement of Accounts was authorised for issue by the Director of Finance & Digital Services, as Chief Finance Officer, on 28th July 2022. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6.0 Property, Plant and Equipment

6.1 Movements on Balances

Movements in 2020/21

	Other Land & Buildings	Infrastructure	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 st April 2020	775,932	655,238	38,863	6,246	40,526	1,516,805
Joint Committees Opening Balance	5,569	0	0	0	0	5,569
Additions	33,967	44,858	9,608	224	1,983	90,640
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	(4,954)	0	0	0	0	(4,954)
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(36,949)	0	0	0	0	(36,949)
Derecognition – Disposals	(2,476)	0	(4,242)	0	0	(6,718)
Derecognition – Other	0	0	(1,722)	0	0	(1,722)
Assets Reclassified (to)/from Held for Sale	10	0	0	0	0	10
Other Reclassifications	18,717	16,240	0	0	(40,526)	(5,569)
Other Movements in Cost or Valuation	0	0	0	0	0	0
At 31st March 2021	789,816	716,336	42,507	6,470	1,983	1,557,112

Continued Overleaf...

Accumulated Depreciation and Impairment						
At 1 st April 2020	(83,538)	(203,906)	(30,601)	(1,396)	0	(319,441)
Joint Committees	0	0	0	0	0	0
Opening Balance						
Depreciation Charge	(16,239)	(13,688)	(4,095)	0	0	(34,022)
Depreciation Written Out of the Revaluation Reserve	12,169	0	0	0	0	12,169
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	6,814	0	0	0	0	6,814
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(2,789)	0	0	0	0	(2,789)
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	1,867	(1,527)	(1,722)	0	0	(1,382)
Derecognition – Disposals	1,105	0	4,176	0	0	5,281
Derecognition – Other	0	0	1,722	0	0	1,722
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other Reclassifications	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0
At 31st March 2021	(80,611)	(219,121)	(30,520)	(1,396)	0	(331,648)

Net Book Value:

At 31st March 2021	709,205	497,215	11,987	5,074	1,983	1,225,464
At 31st March 2020	697,963	451,333	8,262	4,850	40,526	1,202,934

Movements in 2021/22

	Other Land & Buildings	Infrastructure	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 st April 2021	789,816	716,336	42,507	6,470	1,593	1,556,722
Joint Committees Opening Balance	0	0	0	0	390	390
Additions	25,790	44,357	6,678	0	14,238	91,063
Donated Assets	0	0	1,020	0	0	1,020
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	17,106	0	0	0	0	17,106
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(34,445)	0	0	0	0	(34,445)
Derecognition – Disposals	(780)	0	(6,588)	0	0	(7,368)
Derecognition – Other	0	0	(1,284)	0	0	(1,284)
Assets Reclassified (to)/from Held for Sale	(496)	0	0	0	0	(496)
Other Reclassifications	158	0	389	(158)	(389)	0
Other Movements in Cost or Valuation	0	0	0	0	0	0
At 31st March 2022	797,149	760,693	42,722	6,312	15,832	1,622,708

Continued Overleaf...

Accumulated Depreciation and Impairment						
At 1 st April 2021	(80,611)	(219,121)	(30,520)	(1,396)	0	(331,648)
Joint Committees	0	0	0	0	0	0
Opening Balance						
Depreciation Charge	(17,718)	(14,704)	(3,647)	0	0	(36,069)
Depreciation Written Out of the Revaluation Reserve	23,526	0	0	0	0	23,526
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	8,736	0	0	0	0	8,736
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,855	0	0	0	0	2,855
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	25,398	(364)	(1,284)	0	0	23,750
Derecognition – Disposals	36	0	6,574	0	0	6,610
Derecognition – Other	0	0	1,284	0	0	1,284
Assets Reclassified (to)/from Held for Sale	6	0	0	0	0	6
Other Reclassifications	(95)	0	0	95	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0
At 31st March 2022	(37,867)	(234,189)	(27,593)	(1,301)	0	(300,950)

Net Book Value:

At 31st March 2022	759,282	526,504	15,129	5,011	15,832	1,321,758
At 31st March 2021	709,205	497,215	11,987	5,074	1,983	1,225,464

6.2 Investment Properties

	2020/21	2021/22
	£'000	£'000
Balance at 1st April	3,805	8,164
Net Gains/Losses from fair value adjustments	(1,210)	(618)
Other Reclassifications - City Deal Joint Committee reclassification from Other Land & Buildings	5,569	0
Balance at 31st March	8,164	7,546

The fair values for investment properties have been calculated using level 2 in the fair value hierarchy.

6.3 Capital Commitments

At 31st March 2022 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years, budgeted to cost £13.2m. Similar commitments at 31st March 2021 were £10.4m.

Within this amount the significant contract values as at 31st March 2022 are:

Scheme	£'000
Ysgol Gyfun Rhydywaun	4,346
Ffynnon Taf Primary	1,735
Porth Interchange	2,945
Total	9,026

6.4 Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. Valuations are carried out by the Council's appointed valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values are:

- Valuations include the cost of construction on a modern equivalent basis.
- The cost has been depreciated to account for the age and future economic life of the buildings.
- Valuations are subject to the prospect and viability of the continuance of the occupation and use of the property.

7.0 Financial Instruments

7.1 Categories of Financial Instruments

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

Assets	Long-Term		Current	
	31/03/21	31/03/22	31/03/21	31/03/22
	£'000	£'000	£'000	£'000
Investments: Loans and Receivables	6,615	2,615	23,479	133,770
Debtors: Financial Assets Carried at Contract Amounts	4,919	7,122	123,020	146,188
Total	11,534	9,737	146,499	279,958

Liabilities	Long-Term		Current	
	31/03/21	31/03/22	31/03/21	31/03/22
	£'000	£'000	£'000	£'000
Borrowings: Financial Liabilities at Amortised Cost	303,324	373,531	32,176	19,156
Finance Lease Liabilities	382	382	1	1
Creditors: Financial Liabilities at Amortised Cost	0	0	34,346	31,253
Total	303,706	373,913	66,523	50,410

There are no expected credit loss calculations for the financial assets. The value of creditors in the table relates to invoices authorised for payment by the Council but remaining unpaid at year-end. This balance is included within the Balance Sheet heading *Short-Term Creditors*.

7.2 Income, Expense, Gains and Losses

	2020/21			2021/22		
	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	11,397	0	11,397	11,171	0	11,171
Impairment Losses	0	0	0	0	0	0
Total Expense in (Surplus) or Deficit on the Provision of Services	11,397	0	11,397	11,171	0	11,171
Interest Income	0	(597)	(597)	0	(640)	(640)
Interest Income Accrued on Impaired Financial Assets	0	0	0	0	0	0
Total Income in (Surplus) or Deficit on the Provision of Services	0	(597)	(597)	0	(640)	(640)
Net (Gain)/Loss for the Year	11,397	(597)	10,800	11,171	(640)	10,531

7.3 **Fair Value of Assets and Liabilities**

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

- Loans borrowed by the Council have been valued by discounting the contractual cashflows over the whole life of the instrument at the appropriate market rate for Local Authority loans.
- No early repayment or impairment is recognised.
- Where a financial instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- 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:

	31/03/21		31/03/22	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	231,925	300,462	221,471	302,762
Market Debt	85,515	139,154	85,540	121,912
Local Authority Debt	17,988	17,988	5,000	5,000
Welsh Government Repayable Funding	0	0	80,605	80,605
Other Debt	72	72	71	71
Finance Lease	383	383	383	383
Trade Creditors	34,346	34,346	31,253	31,253
Total	370,229	492,405	424,323	541,986

	31/03/21		31/03/22	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	29,780	29,780	136,070	136,070

The fair values for PWLB debt and market debt have been calculated using level 2 in the fair value hierarchy. Please see note 1.9.2 in the accounting policies for the explanation of these levels.

Soft Loans Receivable

In March 2022, the Council received a £82.4m interest free loan (Repayable Funding) from Welsh Government relating to investment in rail infrastructure. The purpose of the funding is to deliver rail infrastructure improvements around the Treforest and Taffs Well area. The repayable funding is subject to a schedule of repayment being agreed by 30th April 2023. Officers are progressing the legal documents with Transport for Wales and Welsh

Government. Subject to agreement, the Council will subsequently release funds to Transport for Wales in line with the expenditure profile for the development works. The loan would be repaid to Welsh Government, following completion of the works, by the Council over a 30 year period, with the repayments being fully funded by income received from Transport for Wales aligned to their future financial income streams. If the development agreement is not entered into, then the Council will repay the loan to Welsh Government. As the loan has an interest rate below market rate, it has been treated as a soft loan in the financial statements. It has been included in the Balance Sheet at Fair Value, with the difference being recognised as a Capital Grant Received in Advance.

Soft Loans	2021/22
	£'000
Balance as at 1st April 2021	0
Nominal Value of New Loans	82,400
Fair Value Adjustment on Initial Recognition	(1,798)
Balance as at 31st March 2022	80,602

The fair value of the soft loan has been calculated based upon the 35 year PWLB Equal Instalments of Principal (EIP) certainty rate.

7.4 Nature and Extent of Risks Arising from Financial Instruments

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

Key Risks

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

7.5 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks. The procedures for risk management are defined in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. This Council complies with these requirements by:

- Formally adopting the requirements of the Code of Practice.
- By adopting a Treasury Management Policy Statement and Treasury Management Clauses being incorporated into Financial Procedure Rules.
- Approving annually in advance Prudential and Treasury Indicators for the following three years.

- Approving an Investment Strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with guidance from the Welsh Government.
- Approving a Capital Strategy report which provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services along with an overview of the associated risk, its management and the implications for future financial sustainability.

These are required to be reported and approved before the start of the year to which they relate. The Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported in a mid-year review to Members, in addition to a full year review and also included within quarterly performance reports.

Policies are implemented by a corporate Treasury Management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). The TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Treasury Management Strategy and Capital Strategy are available on the Council's website.

7.6 Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers.

This risk is minimised through the Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. Such criteria include credit ratings assigned by credit ratings agencies. The Investment Strategy also imposes a maximum amount and duration to be invested with a financial institution. The Council undertakes appropriate due diligence and puts in place appropriate security arrangements when lending to organisations. There are also other criteria and controls in place regarding counterparty selection, further details of which can be found in the approved Treasury Management Strategy.

The following analysis summarises the Council's potential maximum exposure to credit risk. The default rates give details of the Council's experience of its customer collection levels.

	31/03/22	Historical Experience of Default	Adjustment for Market Conditions at 31/03/22	Estimated Maximum Exposure to Default at 31/03/22	Estimated Maximum Exposure to Default at 31/03/21
	(a)	(b)	(c)	(a*c)	
	£'000	%	%	£'000	£'000
Deposits with Government Departments & Local Authorities	136,070	0	0	0	0
Trade Debtors	17,978	0.48	0.48	86	73

The 0.48% Historical Experience of Default represents debt written off in 2021/22 expressed as a percentage of invoices raised during that year. This percentage is not the basis of the Bad Debt Provision, which is calculated using various percentages designed to reflect the risk of debts of various ages not being collectable, as opposed to the far lower rate of actual write-offs for the year.

Investments with the Debt Management Office and other Government backed public bodies have the rating applicable to Government borrowing.

The Council does not generally allow credit for its trade debtors. However, £4.6m of the £18.0m balance is debt greater than 30 days old. This debt can be analysed as follows:

	31/03/21	31/03/22
	£'000	£'000
Less than 3 months	1,110	1,059
3 – 6 months	627	563
6 months to 1 year	842	603
More than 1 year	1,937	2,336
Total	4,516	4,561

7.7 Liquidity Risk

The Council manages its liquidity position through effective cash flow management procedures.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer-term funds, it also acts as a lender of last resort to Councils. However the PWLB updated its guidance in August 2021 whereby loans are no longer available to Council's planning to buy investment assets primarily for yield or solely for exploiting commercialisation opportunities. The Council is also required to produce a balanced budget in accordance with the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

7.8 Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits set on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Council's Treasury Management team manage operational risks within approved parameters.

This includes;

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the principal value of the Rhondda Cynon Taf CBC element of financial liabilities is as follows:

	31/03/21	31/03/22
	£'000	£'000
Less than 1 year	28,491	16,038
Between 1 and 2 years	10,967	92,820
Between 2 and 5 years	31,259	31,259
Between 5 and 10 years	37,115	31,965
More than 10 years	225,848	220,578
Total	333,680	392,660

The maturity analysis of financial assets is as follows:

	31/03/21	31/03/22
	£'000	£'000
Maturity greater than one year	6,300	2,300
Maturity less than one year	23,480	133,770
Total	29,780	136,070

Trade Debtors are not included in the table above.

7.9 Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact upon the Council, depending how variable and fixed rates move across differing financial instrument periods.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy and the Annual Capital Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The Council's Treasury Management team, together with the appointed Treasury Management Advisors, monitor the market and forecast interest rates within the year to adjust the Council's exposures appropriately.

If all interest rates had been 1% higher (with all other variables being constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	1
Increase in interest receivable on variable rate investments	N/A
Impact on Comprehensive Income and Expenditure Statement	1
Decrease in fair value of fixed rate borrowing liabilities (no impact on CI&ES)	50,861

The approximate impact of a 1% fall in interest rates would also be as above.

8.0 Short-Term Debtors

An analysis of Short-Term Debtors in the Balance Sheet is as follows:

31/03/21		31/03/22
£'000		£'000
67,860	Central Government Bodies	95,507
18,563	Other Local Authorities	9,593
11,404	NHS Bodies	13,244
1,028	Public Corporations and Trading Funds	816
24,165	Other Entities and Individuals	27,028
123,020	Total	146,188

Debtors for Local Taxation

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

2020/21		2021/22
£'000		£'000
4,012	Less than 1 year	3,982
1,773	1 year to 2 years	1,786
1,001	2 years to 3 years	1,229
631	3 years to 4 years	780
442	4 years to 5 years	522
1,039	More than 5 years	1,269
8,898	Total	9,568

9.0 Cash and Cash Equivalents

The Cash and Cash Equivalents are made up of the following elements:

31/03/21		31/03/22
£'000		£'000
14,533	Cash Held by the Council	18,792
(20,932)	Bank Current Accounts	(15,772)
(6,399)	Total Cash and Cash Equivalents	3,020

Short-term cash surpluses are invested in line with the investment strategy and are represented in the Balance Sheet as "Short-Term Investments". Bank Current Accounts represent the position of the bank account as at 31st March 2022 adjusted for unrepresented cheques.

10.0 Short-Term Creditors

An analysis of Short-Term Creditors in the Balance Sheet is as follows:

31/03/21		31/03/22
£'000		£'000
(18,391)	Central Government Bodies	(18,012)
(19,003)	Other Local Authorities	(13,758)
(9,329)	NHS Bodies	(1,495)
(522)	Public Corporations and Trading Funds	(249)
(63,901)	Other Entities and Individuals	(97,856)
(111,146)	Total	(131,370)

11.0 Provisions

Provisions are amounts set aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Short-Term Provision	Land Purchases and Part 1 Claims	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 1st April 2021	(520)	(1,116)	(1,636)
Additional provisions made in 2021/22	0	(1,046)	(1,046)
Amounts used in 2021/22	8	924	932
Unused amounts reversed in 2021/22	0	242	242
Balance at 31st March 2022	(512)	(996)	(1,508)

Long-Term Provision	Insurance Claims	Joint Committees	Total
	£'000	£'000	£'000
Balance at 1st April 2021	(3,253)	(327)	(3,580)
Additional provisions made in 2021/22	(1,712)	(63)	(1,775)
Amounts used in 2021/22	1,045	0	1,045
Unused amounts reversed in 2021/22	871	0	871
Balance at 31st March 2022	(3,049)	(390)	(3,439)

12.0 Other Long-Term Liabilities

An analysis of Other Long-Term Liabilities is given in the following table:

31/03/21		31/03/22
£'000		£'000
(708,698)	Pension Liability (IAS19)	(605,190)
(589)	Other	(2,403)
(709,287)	Total	(607,593)

13.0 Usable Reserves

31/03/21			31/03/22
£'000			£'000
8,505	Council Fund Balance	13.1	10,292
76,829	Capital, Treasury and Insurance Reserves	13.2	85,937
73,791	Other Revenue Related Reserves	13.2	112,422
12,035	Delegated Schools Reserve	13.3	20,561
3,954	Usable Capital Receipts Reserve	13.4	5,669
32,363	Capital Grant Unapplied Account	13.5	37,975
185	MGCC Insurance Reserve		169
207,662	Total Usable Reserves		273,025

13.1 Council Fund Balance

Council Fund Balances are accumulated working balances and relate to general fund services. These exclude "ring-fenced" Council services such as Delegated Schools.

Movements in the Council Fund Balance during 2021/22 were:

	£'000
Balance as at 31st March 2021	8,505
General Fund In-Year Contribution	2,000
Revenue Budget Outturn	(213)
Balance as at 31st March 2022	10,292

13.2 Earmarked Reserves

This note sets out the amounts set aside from the Council Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure in 2021/22. All earmarked reserves are deemed to be revenue reserves.

Capital, Treasury and Insurance Reserves

Reserve	Purpose	Balance at	Transfers	Transfers	Balance at
		31/03/21	Out	In	31/03/22
		£'000	£'000	£'000	£'000
Capital Developments	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	66,365	(12,629)	21,798	75,534
Treasury Management Reserve	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
Insurance Reserve	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	7,999	(61)	0	7,938
Total		76,829	(12,690)	21,798	85,937

Other Revenue Related Reserves

Reserve	Purpose	Balance at 31/03/21	Transfers Out	Transfers In	Balance at 31/03/22
		£'000	£'000	£'000	£'000
Revenue Budget Strategy 2021/22	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2021/22 budget.	711	(711)	0	0
Revenue Budget Strategy 2022/23	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2022/23 budget.	0	0	963	963
Joint Committee Reserve	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	669	(669)	2,247	2,247
Revenue Grant Reserves (IFRS)	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	4,824	(4,824)	5,743	5,743
Financial Management and Human Resources Risk Management	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	31,641	(7,905)	12,321	36,057
Investment / Infrastructure	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough.	9,497	(6,697)	17,000	19,800
Prior Year Commitments	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	18,636	(5,999)	22,139	34,776
Medium Term Financial Planning and Service Transformation	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	3,619	(963)	989	3,645
Other Specific Reserves	Represents a number of reserves held for specific and identified purposes.	3,158	(795)	1,859	4,222
Invest to Save	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	1,036	(480)	4,413	4,969
Total		73,791	(29,043)	67,674	112,422
Total Earmarked Reserves		150,620	(41,733)	89,472	198,359

13.3 Delegated Schools Reserve

Delegated schools are those that are managed independently. As such, these balances are committed to be spent on delegated services and are not available to the Council for general use.

The movements on the reserve are as follows:

	Balance at 31/03/21 £'000	Balance at 31/03/22 £'000
Delegated Primary Schools	7,654	10,461
Delegated Secondary Schools	2,546	6,529
Delegated Special Schools	760	1,262
Delegated All Through Schools	1,075	2,309
Total	12,035	20,561

13.4 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve is the proportion of capital receipts that may be used to finance capital expenditure.

The movements on the reserve are as follows:

2020/21 £'000		2021/22 £'000
1,750	Balance as at 1st April	3,954
	Receipts during the year:	
2,716	Sale of assets	1,715
3	Mortgage repayments	0
	Application during the year:	
(515)	Financing of capital expenditure	0
3,954	Balance as at 31st March	5,669

13.5 Capital Grant Unapplied Account

The Capital Grant Unapplied Account consists of Capital Grants and Contributions received and credited to Comprehensive Income and Expenditure Statement but not yet applied to fund capital expenditure. It represents resources available to fund future capital expenditure. It is assumed that the conditions of grants held within this account will be met.

2020/21 £'000		2021/22 £'000
24,934	Balance at 1st April	32,363
70,103	Grants received	81,868
(62,674)	Grants utilised to fund capital expenditure	(76,256)
32,363	Balance at 31st March	37,975

14.0 Unusable Reserves

These are reserves established as a result of various regulations to ensure costs chargeable to Council Tax are appropriate. They do not represent resources available for the general use of the Council.

31/03/21			31/03/22
£'000			£'000
207,440	Revaluation Reserve	14.1	243,860
423	Deferred Capital Receipts Reserve		0
529,843	Capital Adjustment Account	14.2	590,952
(5,399)	Financial Instruments Adjustment Account	14.3	(5,308)
(708,698)	Pensions Reserve	14.4	(604,960)
(5,796)	Short-Term Accumulating Compensated Absence Account		(6,735)
17,813	Total Unusable Reserves		217,809

14.1 Revaluation Reserve

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

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

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

2020/21		2021/22	
£'000		£'000	£'000
209,318	Balance at 1st April	207,440	
10,717	Upward revaluation of assets	47,682	
(6,186)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,149)	
213,849	Surplus or Deficit on revaluation of Long-Term Assets not posted to the Surplus or Deficit on the Provision of Services		250,973
(447)	Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	
(5,725)	Difference between Current Value Depreciation and Historical Cost Depreciation	(6,735)	
(237)	Accumulated Gains on Assets sold or scrapped	(378)	
(6,409)	Amount written off to the Capital Adjustment Account		(7,113)
207,440	Balance at 31st March		243,860

14.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Long-Term Assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as

depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

2020/21		2021/22	
£'000		£'000	£'000
511,372	Balance at 1st April	529,843	
	Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(28,566)	Charges for depreciation and impairment of Long-Term Assets*	(3,585)	
(36,900)	Revaluation losses on Property, Plant and Equipment	(35,584)	
(215)	Movement in the market value of Investment Properties	(724)	
(1,675)	Amortisation of Intangible Assets	(1,582)	
(10,735)	Revenue Expenditure Funded from Capital Under Statute	(13,425)	
(1,512)	Amounts of Long-Term Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(758)	
6,409	Adjusted items written out of the Revaluation Reserve	7,113	
0	Donated Assets	1,020	
438,178	Net written out amount of the cost of Long-Term Assets consumed in the year		482,318
	Capital Financing Applied in the Year:		
515	Use of the Capital Receipts Reserve to finance new Capital Expenditure	0	
61,517	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	72,360	
1,863	Application of grants to capital financing from the Capital Grants Unapplied Account	4,499	
13,561	Statutory provision for the financing of capital investment charged against the Council Fund	14,511	
14,209	Capital Expenditure charged against the Council Fund	17,264	
91,665			108,634
529,843	Balance at 31st March		590,952

* Charges for depreciation and impairment of long-term assets include credits representing reversal of accumulated depreciation and impairment, and debits representing in year changes.

14.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account represents the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with regulations to be charged to the Council Fund Balance. As at 31st March 2022 there was a debit balance of £5.3m (debit balance of £5.4m as at 31st March 2021).

14.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid.

2020/21		2021/22
£'000		£'000
(657,634)	Balance at 1st April	(708,698)
(13,481)	Actuarial gains or (losses) on Pensions Assets and Liabilities	164,779
(72,755)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(98,273)
35,172	Employer's pensions contributions and direct payments to pensioners payable in the year	37,232
(708,698)	Balance at 31st March	(604,960)

15.0 Cash Flow Statement – Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements

2020/21		2021/22
£'000		£'000
(65,682)	Depreciation and Impairment	(39,893)
(1,675)	Amortisation	(1,582)
(16,485)	(Increase)/Decrease in Creditors	(12,501)
39,521	Increase/(Decrease) in Debtors	25,371
1,964	Increase/(Decrease) in Stock	(1,238)
(37,583)	Movement in Pension Liability	(61,041)
(818)	Contribution to Provisions	269
(130)	Short-Term Accumulated Absence Accrual	(939)
(1,512)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(758)
(14,022)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	701
(96,422)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	(91,611)

16.0 Cash Flow Statement - Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities

2020/21		2021/22
£'000		£'000
2,716	Proceeds from the sale of Property, Plant & Equipment, Investment Property and Intangible Assets	1,715
64,987	Any other items for which the cash effects are investing or financing cash flows	73,881
67,703		75,596

17.0 Cash Flow Statement – Interest within Operating Activities

The following table details interest received, and interest paid included within 'Net Cash Flows from Operating Activities' on the Cash Flow Statement.

2020/21		2021/22
£'000		£'000
(921)	Interest received	(964)
11,397	Interest paid	11,171
10,476	Interest within Operating Activities	10,207

18.0 Cash Flow Statement - Investing Activities

2020/21		2021/22
£'000		£'000
102,931	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	110,765
(9,561)	Purchase and Redemption of Short-Term and Long-Term Investments	106,291
(2,716)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,715)
(64,987)	Other receipts from Investing Activities	(73,881)
25,667	Net Cash Flows from Investing Activities	141,460

19.0 Cash Flow Statement - Financing Activities

2020/21		2021/22
£'000		£'000
(18,000)	Cash receipts of Short and Long-Term Borrowing	(87,400)
1	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	0
57,419	Repayments of Short and Long-Term Borrowing	28,419
39,420	Net Cash Flows from Financing Activities	(58,981)

20.0 Notes to the Expenditure and Funding Analysis**20.1 Adjustments between Funding and Accounting Basis 2020/21**

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000s	£'000s	£'000s	£'000s
Prosperity, Development & Frontline Services	24,694	3,740	947	29,381
Chief Executive	19,882	3,357	1,942	25,181
Education & Inclusion Services	17,534	6,072	(14,923)	8,683
Community & Children's Services	6,225	9,596	4,692	20,513
Authority Wide Budgets	(23,734)	5	(62,933)	(86,662)
Joint Committees	0	0	(450)	(450)
Net Cost of Services	44,601	22,770	(70,725)	(3,354)
Other income and expenditure from the Expenditure and Funding Analysis	(64,424)	14,570	18,311	(31,543)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(19,823)	37,340	(52,414)	(34,897)

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000s	£'000s	£'000s	£'000s
Prosperity, Development & Frontline Services	20,979	6,327	(700)	26,606
Chief Executive	2,786	7,370	995	11,151
Education & Inclusion Services	9,229	12,437	(13,295)	8,371
Community & Children's Services	3,632	20,005	(10,401)	13,236
Authority Wide Budgets	(10,727)	11	(62,701)	(73,417)
Joint Committees	0	0	65	65
Net Cost of Services	25,899	46,150	(86,037)	(13,988)
Other income and expenditure from the Expenditure and Funding Analysis	(87,284)	14,490	31,524	(41,270)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(61,385)	60,640	(54,513)	(55,258)

Details of the total adjustments above are within the Movement in Reserves Statement.

20.2 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

	2020/21	2021/22
	£'000	£'000
Expenditure		
Employee Benefits Expenses	366,612	411,328
Other Services Expenses	365,952	384,986
Depreciation, Amortisation and Impairment	77,877	52,988
Interest Payments	11,397	11,171
Precepts and Levies	35,636	37,217
Total Expenditure	857,474	897,690
Income		
Fees, Charges and Other Service Income	(289,082)	(319,969)
Interest and Investment Income	(921)	(962)
Income from Council Tax and NNDR	(215,507)	(225,638)
Gain on the Disposal of Assets	(358)	(319)
Government Grants and Contributions	(386,299)	(407,847)
Total Income	(892,167)	(954,735)
(Surplus) or Deficit on the Provision of Services	(34,693)	(57,045)

21.0 Members' Allowances

The Local Authorities (Allowances for Members of County and County Borough Councils and National Parks Authorities) (Wales) Regulations 2002, require authorities to make public their schemes for Members' allowances and to disclose annually amounts paid to each Member under such schemes.

During the year the Council paid the following amounts in respect of basic allowances, special responsibility allowances and dependent care allowances to 75 Members (excluding employer's national insurance contributions, employer's pension contribution and other associated costs).

	2020/21	2021/22
	£'000	£'000
Allowances	1,338	1,361
Expenses	21	20
Total	1,359	1,381

Details of all remuneration and allowances paid annually by the Council to each Councillor and Co-opted Member is published on the Council's website following the end of each financial year.

22.0 Officers' Remuneration

Statutory guidance issued by Welsh Ministers recommends the use of pay multipliers as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

Rhondda Cynon Taf CBC's remuneration ratio is 1:8 (1:8 in 2020/21) with the median earnings being £20,043 (£19,698 in 2020/21). This is the ratio between the Chief Executive's pay and the median earnings of the workforce within the Council, using current pay levels.

Under the Accounts and Audit (Wales) Regulations 2014 (as amended), local authorities must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding employer pension contributions). The disclosure includes redundancy payments.

Remuneration Band	2020/21	2021/22		
	No. of Employees	No. of Employees		
	Total	At 31/03/22	Left in Year	Total
£60,000 - £64,999	47	51	4	55
£65,000 - £69,999	67	61	1	62
£70,000 - £74,999	30	27	1	28
£75,000 - £79,999	7	15	1	16
£80,000 - £84,999	6	3	0	3
£85,000 - £89,999	5	4	0	4
£90,000 - £94,999	3	4	1	5
£95,000 - £99,999	8	7	0	7
£100,000 - £104,999	1	2	0	2
£105,000 - £109,999	3	2	0	2
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	1	0	1
£120,000 - £124,999	0	0	0	0
Total	177	177	8	185

Officers employed by Voluntary Aided Schools have been excluded.

Salary costs for Joint Committees are not included in the above table, but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee salaries has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The above table excludes specific Senior Officers, disclosed in the following table:

The following table sets out the remuneration for specific Senior Officers;

- Senior Officers whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title.
- Senior Officers whose salary is £150,000 or more on an annualised basis. These are identified by name.
- Employer pension contributions are included.

Post Holder Information (Post Title)	2020/21			2021/22						
	Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions	Salary	Taxable Benefits in Kind	Compensation for		Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions
						Redundancy	Early Access Costs			
£'000			£'000							
Chief Executive - Chris Bradshaw	155	33	188	156	1	0	0	157	33	190
Group Director, Community & Children's Services & Deputy Chief Executive to 31/12/2020	93	20	113	0	0	0	0	0	0	0
Director of Public Health, Protection & Community Services to 31/12/2020	73	16	89	0	0	0	0	0	0	0
Group Director, Community & Children's Services wef 01/01/2021 to 30/09/2021	31	7	38	63	0	0	0	63	13	76
Group Director, Community & Children's Services & Deputy Chief Executive wef 01/10/2021	0	0	0	63	0	0	0	63	13	76
Group Director, Prosperity, Development & Frontline Services to 31/12/2020	93	20	113	0	0	0	0	0	0	0
Group Director, Prosperity, Development & Frontline Services & Deputy Chief Exec wef 01/01/2021 to 30/09/2021	31	7	38	62	0	41	0	103	13	116

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Director of Education & Inclusion Services	93	20	113	99	0	0	0	99	22	121
Director of Human Resources	100	22	122	102	0	0	0	102	22	124
Director of Finance & Digital Services (& Section 151 Officer)	100	22	122	102	0	0	0	102	22	124
Director of Legal Services	93	20	113	93	1	0	0	94	20	114
Director of Legal Services - Returning Officer	0	0	0	4	0	0	0	4	0	4
Director of Corporate Estates	93	20	113	99	0	0	0	99	22	121
Director of Prosperity & Development	94	20	114	99	0	0	0	99	21	120
Director of Public Health, Protection & Community Services wef 01/01/2021	23	5	28	94	0	0	0	94	20	114
Service Director - Democratic Services & Communications	71	15	86	72	0	0	0	72	16	88
Director of Frontline Services wef 01/10/2021	0	0	0	52	0	0	0	52	11	63

The table above represents the Senior Leadership Team for Rhondda Cynon Taf CBC. Disclosure of Senior Officer remuneration of Joint Committees are included in the relevant Joint Committee Statement of Accounts.

23.0 Severance Costs

This note provides details of the cost of severance to the Council in respect of employees who have left the employment of the Council during the financial year (costs do not reflect the value of the severance received by the individual as it includes pension strain). All costs incurred are in line with the Council's relevant and applicable schemes of termination and as required under relevant Pension Fund Regulations where applicable, with each decision being based upon and supported by a business case.

The number and costs (in bandings) of compulsory and other terminations are set out in the table below

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Cost of Severance	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	£'000	
£							2020/21	2021/22
£0 - £20,000	2	7	75	118	77	125	336	640
£20,001 - £40,000	2	1	13	30	15	31	416	894
£40,001 - £60,000	0	0	6	8	6	8	276	382
£60,001 - £80,000	0	0	5	4	5	4	333	294
£80,001 - £100,000	0	1	4	6	4	7	326	605
£100,001 - £150,000	0	3	2	3	2	6	258	724
£150,001 - £200,000	0	0	1	0	1	0	153	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	1	0	1	0	282
Total	4	12	106	170	110	182	2,098	3,821

During 2021/22, the Council saved annual payroll costs of £1,756k (£1,264k 2020/21) through Voluntary Redundancy and Voluntary Early Retirement. Severance Costs for Joint Committees are not included in the above note but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee severance costs has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

24.0 External Audit Costs

The estimated costs to the Council for financial year 2021/22 in relation to the audit of the Statement of Accounts for certification of grant claims, statutory inspections and other services provided by the Council's external auditors are set out in the table below:

	2020/21	2021/22
	Actual	Estimated
	£'000	£'000
Fees Payable to the Auditor General for Wales		
External audit services carried out by the Statutory Auditor for the year	230	238
Local Government Measure Work	94	97
Certification of Grant Claims and Returns for the year	53	50
Total	377	385

25.0 Non-Domestic Rates

The level of Non-Domestic Rates (NDR) is based on a “multiplier” set nationally by the Welsh Government, multiplied by the rateable value of a particular property. This calculation will give the property a rate liability for the year. The multiplier for 2021/22 was 53.5p (53.5p for 2020/21). The total rateable value as at 31st March 2022 was £130.0m (£129.0m as at 31st March 2021).

The Council is responsible for collecting the business rates in its area and pays the proceeds into the NDR pool administered by the Welsh Government. The Welsh Government redistributes total collections back to local authorities on the basis of a fixed amount per head of population. Total NDR collected from ratepayers in respect of 2021/22 rates is £38.0m (£36.1m in 2020/21). The contribution back to the Council from the pool in the year amounted to £79.3m (£74.6m in 2020/21) and the amount payable to the pool amounts to £53.9m (£54.2m in 2020/21). As the Council acts as an agent collecting income on behalf of the Welsh Government, the income collected is not recognised as income in the Comprehensive Income and Expenditure Statement.

26.0 Council Tax

Council Tax income derives from charges raised according to the value of residential properties. Charges are calculated by taking the amount of income required for Rhondda Cynon Taf CBC, the Police and Crime Commissioner for South Wales and the Community Councils for the year, and dividing this amount by the Council Tax base.

The Council Tax base for 2021/22 was calculated to be £77,197.81 (compared with £77,334.38 for 2020/21). This represents the anticipated yield for every £1 of Council Tax levied.

The base is calculated by placing properties in ten bands (A*-I). After allowing for discounts and exemptions, these are then converted to the equivalent number of Band D properties, using the appropriate multiplier as below:

Band	A*	A	B	C	D	E	F	G	H	I
No. of Properties	216	39,176	21,943	14,731	8,469	6,296	3,165	1,090	181	30
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

The resultant number of Band D properties is reduced by a percentage to reflect anticipated non-collection. The target collection rate for 2021/22 was 97.25%.

An analysis of the net proceeds from Council Tax is shown as follows:

Council Tax Analysis	2020/21	2021/22
	£'000	£'000
Council Tax Collectable	140,915	146,388
Net Proceeds from Council Tax	140,915	146,388
Less Payable:		
Police and Crime Commissioner for South Wales	(21,090)	(22,211)
Community Councils	(2,140)	(2,105)
Total	117,685	122,072

27.0 Grant Income

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

27.1 Credited to Services

A number of grants and contributions have been recognised as income within Net Cost of Services. This income amounts to £286m in 2021/22 (in 2020/21 these grants and contributions amounted to £268m).

27.2 Capital Grants Receipts in Advance

All Capital Grants received have been recognised as income within the Comprehensive Income and Expenditure Statement, except the fair value adjustment for the Welsh Government Repayable Funding relating to investment in rail infrastructure. This adjustment is disclosed as Capital Grant Receipts in Advance within Long-Term Liabilities.

28.0 Agency Transactions

There have been a number of grants or areas of financial support that the Council has been asked to administer on behalf of Welsh Government. These have been accounted for as an agency arrangement. The following table lists the schemes and the amount received:

Scheme	2021/22
	£'m
Economic Resilience Fund	0.501
WG - Emergency Non Domestic Rates Scheme	3.120
WG - NDR Discretionary Grant (Retail, Hospitality, Leisure)	0.238
Cost of Living (Main Scheme)	13.933
Statutory Sick Pay (SSP) Enhancement	0.157
Self Isolation payments	4.594
Freelancer Grant	0.105
Total	22.648

29.0 Related Parties

The Council is required to disclose 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. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely.

29.1 Welsh Government

The Welsh Government is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills). Transactions between the Council and Welsh Government are as follows:

	2020/21	2021/22
	£'000	£'000
Non-Ringfenced Government Grants	(321,312)	(333,966)
Capital Grants and Contributions	(67,128)	(73,469)
Credited to Services	(206,453)	(203,522)
Total	(594,893)	(610,957)

29.2 Chief Officers and Members

Members of the Council

Under the Code of Conduct incorporated in the Council's Constitution, Members are required to record in the Register of Members Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The Register is open to inspection by the public and is available on an individual Member basis on the Council website.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Borough Council. Membership details are available from the Service Director Democratic Services and Communications, The Pavilions, Clydach Vale.

During 2021/22 there were no Members identified as having a controlling interest in any company commissioned to supply works or services to the Council of any material value. However, Members have identified interests with organisations with which the Council has had financial transactions during 2021/22. The value of these transactions amounted to payments of £3,812k (£2,326k in 2020/21), of which £639k was outstanding at year end (£124k in 2020/21), and receipts of £273k (£181k in 2020/21), of which £35k was outstanding at year end (£19k in 2020/21).

The Council has transactions with a Construction Company that carries out work on Council owned properties. A Member of the Council declared that a relative is an

Electrical and Project Manager within this company. Payments to the company amount to £3,188k (£3,106k in 20/21) with £106k (nil in 20/21) outstanding at year end. No receipts were received during 2021/22 (nil in 20/21). The Member did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with a Transport Company that leases a Council owned property. A Member of the Council declared that a relative is a director within this company. Payments to the company amount to £454k (£710k in 20/21) with £103k (£335k in 20/21) outstanding at year end and receipts of £10k (£1,421k in 20/21), of which £4k was outstanding (nil in 20/21). The Member did not take part in any discussion, decision or administration relating to the services.

Chief Officers (Senior Leadership Team)

Under the Employees' Code of Conduct, Officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere.

The Council has transactions with a Construction Company that carries out work on Council owned properties. A Member of the Senior Leadership Team of the Council declared that a relative is a director of the company. The value of these transactions amounted to payments of £3,096k (£2,197k in 2020/21), of which £176k was outstanding at year end (£33k in 2020/21), and receipts of nil (£1k in 2020/21), of which nothing was outstanding at year end (£1k in 2020/21). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with a neighbouring University Health Board and a Member of the Senior Leadership Team of the Council declared that a relative holds an Executive Director position within this organisation. The value of these transactions amounted to payments of £494k (£450k in 2020/21), of which £33k was outstanding at year end (nil in 2020/21), and receipts of £106k (no receipts in 2020/21), of which £106k was outstanding at year end (nil in 2020/21). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with Coleg Y Cymoedd and a member of the Senior Leadership Team declared that they are a member of the governing body. The value of these transactions amounted to payments of £124k, of which £2k was outstanding at year end, and receipts of £70k with nothing outstanding at year end.

There were no other related party transactions for members of the Senior Leadership Team.

29.3 Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Comprehensive Income and Expenditure Statement.

An analysis of precepts is given in the following table:

	2020/21	2021/22
	£'000	£'000
Police and Crime Commissioner for South Wales	21,090	22,211
Community Councils	2,140	2,105
Total	23,230	24,316

An analysis of levies is given in the following table:

	2020/21	2021/22
	£'000	£'000
South Wales Fire and Rescue Service	11,730	12,117
Coroner	464	542
Brecon Beacons National Park	48	53
Glamorgan Archives Joint Committee	164	189
Total	12,406	12,901

29.4 Rhondda Cynon Taf Pension Fund

The Director of Finance & Digital Services is also the responsible Finance Officer to the Rhondda Cynon Taf Pension Fund. The Council charged the Pension Fund an amount of £1.6m (£1.4m in 2020/21) in respect of administration and support during financial year 2021/22. The amount owed from the Council to the Pension Fund as at 31st March 2022 is nil (nil as at 31st March 2021).

29.5 Associated and Subsidiary Companies

The Council has an interest in three companies: namely; Amgen Cymru Ltd., Amgen Rhondda Ltd. and Capita Glamorgan Consultancy Ltd. Officers of the Council are directors of Amgen Cymru Ltd and Amgen Rhondda Ltd. During 2021/22 the following related party transactions took place with these companies.

Amgen Cymru Ltd.

The Council paid Amgen Cymru £9,468k (£10,233k in 2020/21) in respect of waste management and waste disposal charges, with £1,392k (£1,554k in 2020/21) due to the company at the year-end. Amgen Cymru paid the Council £573k (£1,067k in 2020/21) in respect of goods and services, with £115k (£110k in 2020/21) due to the Council at the year-end.

In December 2019, Amgen Cymru's new Materials Recycling Facility (MRF) was opened which was jointly funded by Rhondda Cynon Taf CBC and Cynon Valley Waste Disposal Company Limited (CVWDCL) (trading as Amgen Cymru). The total cost of the asset was £10,517k with RCTCBC funding £6,128k and the remaining £4,390k funded from CVWDCL. As ultimate parent undertaking of CVWDCL, Rhondda Cynon Taf CBC provided a loan for the £4,390k over a 10 year period at market rates. As at 31st March 2022 £3,402k was outstanding (as at 31st March 2021 £4,663k was outstanding).

Amgen Rhondda Ltd.

The Council paid Amgen Rhondda £176k (£175k in 2020/21) in respect of site management fees, with nil (nil in 2020/21) outstanding at 31st March 2022. Amgen Rhondda paid the council nil (nil in 2021), with £13k outstanding at 31st March 2022.

Capita Glamorgan Consultancy Ltd.

Capita Glamorgan Consultancy Ltd is a Joint Venture between Capita Symonds and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 27.93% of the shares of the company and holds voting rights to this value on the Board.

During 2021/22, the Council was charged £4,161k (£6,490k in 2020/21) in respect of goods, services and capital works. The balance owed to Capita Glamorgan Consultancy Ltd at 31st March 2022 was £686k (£1,136k in 2020/21).

Capita Glamorgan Consultancy Ltd paid the Council nil (nil in 2020/21) in respect of goods and services, with £1k (nil in 2020/21) due to the Council at the year-end.

29.6 Joint Committees

The Council participates in the following Joint Committees.

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee has 16 members in total. There are 4 Rhondda Cynon Taf CBC Members on the Joint Committee.

During 2021/22, the Council contributed to the Joint Committee an amount of £164k (£164k in 2020/21). This was calculated proportionately based upon population.

Llwydcoed Crematorium

Llwydcoed Crematorium is subject to the control of a Joint Committee of Members from Rhondda Cynon Taf CBC and Merthyr Tydfil CBC.

During 2021/22, the Council charged Llwydcoed Crematorium £41k (£41k in 2020/21) in respect of central establishment charges. As at 31st March 2022 the Council held cash balances relating to the Crematorium of £1,395k (£1,519k in 2020/21).

Education School Improvement Service (ESIS)

ESIS became non-operational from 1st September 2012 and was administered by a Joint Committee comprising Bridgend, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils.

Exit agreement negotiations are ongoing.

Central South Consortium Joint Education Service (CSCJES)

The Central South Consortium Joint Education Service provides a range of school improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

The Council consolidates 27.29% of the assets, liabilities and transactions of CSCJES into its financial statements.

During 2021/22, the Council received income of £109k from CSCJES (received income of £391k in 2020/21) in respect of advisory and training services, along with grants of £24,464k (£19,856k in 2020/21), and charged CSCJES £126k (£112k in 2020/21) in respect of central establishment charges. The Council also paid CSCJES expenditure of £997k (£1,009k in 2020/21). As at 31st March 2022 the Council owed cash balances of £1,338k relating to CSCJES (the Council owed cash balances to CSCJES of £1,984k as at 31st March 2021). As part of the Joint Committee consolidation process, offsetting transactions and balances are removed from the accounts to ensure individual values are not overstated. CSCJES distributes grants to participating authorities on behalf of Welsh Government.

Coychurch Crematorium

Coychurch Crematorium is owned and operated by a Joint Committee on behalf of Bridgend CBC, the Vale of Glamorgan Council and Rhondda Cynon Taf CBC.

At 31st March 2022 there were no balances outstanding between the Council and Coychurch Crematorium (no balances outstanding as at 31st March 2021).

Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)

The Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC) became operational on 1st June 2015 and is administered by the Vale of Glamorgan Council. It is comprised of the adoption services of the Vale of Glamorgan Council, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Cardiff City and County Council. It is one of five regional Collaboratives which form part of the National Adoption Service in Wales (NAS).

During 2021/22, the Council contributed £562k to the Vale, Valleys and Cardiff Regional Adoption Collaborative (£579k in 2020/21).

Cardiff Capital Region City Deal (CCRCD)

On 15th March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal, an agreement between the UK Government, the Welsh Government and the ten leaders to develop and manage £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund.

The Council consolidates 15.77% of the assets, liabilities and transactions of CCRCD into its financial statements.

During 2021/22, there was a revenue contribution to CCRCD of £183k (£346k in 2020/21), there was no capital contribution (£315k in 2020/21).

29.7 Partnership Agreement

Biogen Tomorrow's Valley Food Waste Plant

The Biogen Food Waste Plant became fully operational on the 19th July 2015. The 3 local authorities who form the Hub (Rhondda Cynon Taf CBC, Merthyr CBC and Newport City Council) send a combined annual contracted guaranteed minimum tonnage of 13,500 tonnes to be treated at the facility. In 2021/22 a total amount of £1,127k (£1,117k in 2020/21) associated costs have been incurred by the parties, of which RCT's associated costs in 2021/22 were £613k (£613k in 2020/21), with Welsh Government contributing £124k (£124k in 2020/21) of grant funding.

29.8 Other Related Parties

Trivallis

Trivallis is one of Wales' largest registered social landlords providing homes for thousands of families in Rhondda Cynon Taf. There is 1 Rhondda Cynon Taf CBC Member and 1 officer on the board of Trivallis.

During 2021/22, the Council paid Trivallis £944k (£1,614k in 2020/21) and received income of £1,746k (£1,282k in 2020/21). At year-end, Trivallis owed £187k to the Council (£253k in 2020/21).

In line with the Council's agreed Investment Strategy, following appropriate due diligence and subject to appropriate and acceptable security arrangements being put in place, the Council entered into a commercially agreed loan arrangement with Trivallis, for an amount of £5,250k. The opening balance as at 1st April 2021 was £4,250k, and the loan was fully repaid during 2021/22.

30.0 Capital Expenditure and Capital Financing

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

	2020/21	2021/22
	£'000	£'000
Opening Capital Financing Requirement	493,487	504,848
Capital Investment:		
Property, Plant & Equipment	90,255	90,668
Intangible Assets	1,330	1,853
Revenue Expenditure Funded from Capital Under Statute	10,735	13,425
	102,320	105,946
Sources of Finance:		
Capital Receipts	(515)	0
Government Grants and Other Contributions	(62,674)	(76,256)
	(63,189)	(76,256)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(14,209)	(17,264)
Minimum Revenue Payment	(13,561)	(14,511)
	(27,770)	(31,775)
Closing Capital Financing Requirement	504,848	502,763
Explanation of Movements in Year		
Increase/(Decrease) in underlying need to borrowing supported by government financial assistance)	(663)	(790)
Increase in underlying need to borrowing (unsupported by government financial assistance)	12,025	(1,295)
Finance Leases	(1)	0
Increase/(Decrease) in Capital Financing Requirement	11,361	(2,085)

31.0 Leases

The following disclosures relate to the Council as a lessee.

31.1 Finance Leases

The Council has a number of properties arranged under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31/03/21	31/03/22
	£'000	£'000
Other Land and Buildings	153	155

These assets are part of the Council's impairment review.

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

	31/03/21	31/03/22
	£'000	£'000
Finance Lease Liabilities:		
Current	1	1
Long-Term	383	382
Finance costs payable in future years	1,188	1,166
Minimum Lease Payments	1,572	1,549

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/21	31/03/22	31/03/21	31/03/22
	£'000	£'000	£'000	£'000
Less than 1 year	23	23	1	1
1 to 5 years	90	113	3	5
Greater than 5 years	1,459	1,413	379	377
Total	1,572	1,549	383	383

31.2 Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are demonstrated in the table below. Examples of such assets utilised under operating lease arrangements are photocopiers and printers.

	31/03/21			31/03/22		
	Other Land & Buildings	Vehicles, Plant & Equip.	Totals	Other Land & Buildings	Vehicles, Plant & Equip.	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than 1 year	526	746	1,272	427	801	1,228
Later than 1 year and not later than 5 years	1,991	1,528	3,519	1,435	1,655	3,090
Later than 5 years	6,983	304	7,287	8,604	207	8,811
Total	9,500	2,578	12,078	10,466	2,663	13,129

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31/03/21	31/03/22
	£'000	£'000
Minimum Lease Payments	1,478	1,546

31.3 Sub-Leases

The Council has sub-let buildings. Non-cancellable sub-lease payments are expected to be received until expiry of the lease agreement, as shown in the table below:

	2020/21	2021/22
	£'000	£'000
Less than 1 year	113	331
1 to 5 years	193	842
Greater than 5 years	75	814
Total	381	1,987

31.4 Operating Leases with Council as Lessor

The following disclosures relate to the Council as lessor:

	2020/21	2021/22
	£'000	£'000
Less than 1 year	990	988
1 to 5 years	4,002	3,941
Greater than 5 years	8,540	7,637
Total	13,532	12,566

32.0 Impairment Losses

During 2021/22, the Council has recognised an impairment loss of £15.6m (a loss of £20.7m in 2020/21) in relation to its Long-Term Assets. This impairment charge is included within the Long-Term Asset note 6.1, which also includes reversal of impairment from previous years.

33.0 Retirement Benefits - Defined Benefit Schemes

33.1 Participation in Pension Schemes

As part of their terms and conditions Members and Officers are offered retirement benefits by the Council. Although these benefits will not actually be payable until retirement, the Council has a commitment to make these payments. The liability for these payments needs to be accounted for at the time the future entitlement is earned.

The Council participates in two pension schemes:

- Teachers - Please refer to note 34.0.
- Other Employees and Members - The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit career average scheme. The Council and participants pay contributions into the fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Council's accounts are defined by IAS 19 "Employee Benefits".

The CSCJES Joint Committee charges pension costs to their accounts in line with IAS 19. The Rhondda Cynon Taf CBC share of these entries is consolidated into the main accounts, and disclosed in the following notes.

33.2 Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year:

	2020/21	2021/22		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement:				
Cost of Services:				
Current Service Cost	57,146	82,120	462	82,582
Past Service Cost	1,030	1,200	0	1,200
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest Expense	14,579	14,490	1	14,491
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	72,755	97,810	463	98,273
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>				
Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	(346,938)	(4,180)	(158)	(4,338)
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	0	(21,250)	(91)	(21,341)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	380,035	(144,930)	(609)	(145,539)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	(19,617)	6,410	29	6,439
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	86,235	(66,140)	(366)	(66,506)
Movement in Reserves Statement:				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(72,755)	(97,810)	(463)	(98,273)
<i>Actual amount charged against the Council Fund Balance for pensions in the year:</i>				
Employers' contributions payable to scheme	35,172	37,170	62	37,232

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31st March 2022 is a gain of £164.8m (£13.5m loss in 2020/21).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the year ending 31st March 2022 is a gain of £36.5m.

33.3 Reconciliation of Present Value of the Scheme Liabilities

	2020/21	2021/22		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
Balance at 1st April	1,760,955	2,171,220	9,037	2,180,257
Current Service Cost	57,146	82,120	462	82,582
Interest Cost on Defined Obligation	40,074	45,170	190	45,360
Contributions by scheme participants	9,742	10,160	84	10,244
<i>Remeasurement (Gains) and Losses</i>				
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	0	(21,250)	(91)	(21,341)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	380,035	(144,930)	(609)	(145,539)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	(19,617)	6,410	29	6,439
Benefits paid	(49,108)	(51,970)	(91)	(52,061)
Past service costs	1,030	1,200	0	1,200
Balance at 31st March	2,180,257	2,098,130	9,011	2,107,141

33.4 Reconciliation of Fair Value of the Scheme Assets

	2020/21	2021/22		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
Balance at 1st April	1,103,321	1,462,720	8,839	1,471,559
Interest Income	25,495	30,680	189	30,869
<i>Remeasurement (Gains) and Losses:</i>				
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	346,938	4,180	158	4,338
Employer contributions	35,172	37,170	62	37,232
Contributions by scheme participants	9,741	10,160	84	10,244
Benefits paid	(49,108)	(51,970)	(91)	(52,061)
Balance at 31st March	1,471,559	1,492,940	9,241	1,502,181

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

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £35.07m (£365.37m gain in 2020/21).

33.5 Scheme History

	2017/18	2018/19	2019/20	2020/21	2021/22
	Inc Joint Comm's £'000	Inc Joint Comm's £'000	Inc Joint Comm's £'000	Inc Joint Comm's £'000	Inc Joint Comm's £'000
Present Value of the Defined Obligation	(1,644,122)	(1,741,294)	(1,760,955)	(2,180,257)	(2,107,141)
Fair Value of Plan Assets	1,032,264	1,132,656	1,103,321	1,471,559	1,502,181
Surplus/(Deficit)	(611,858)	(608,638)	(657,634)	(708,698)	(604,960)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £605m has a substantial impact on the Net Worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council is not impacted upon. The deficit on the local government scheme will be made good in line with actuarial assumptions.

33.6 Local Government Pension Scheme Assets

As at 31st March 2022, the Rhondda Cynon Taf Pension Fund Assets used in IAS19 calculations comprised of:

Fair Value of Scheme Assets		
	2020/21	2021/22
	£'000	£'000
UK Equities	491,294	443,448
Overseas Equities	2,769,614	2,870,331
UK Fixed Interest Gilts	372,929	563,640
UK Corporate Bonds	550,961	607,650
Property	282,289	317,833
Cash and Net Current Assets	26,320	16,991
Total	4,493,407	4,819,893

33.7 Basis for Estimating Assets and Liabilities**Roll-forward of Assets**

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to the accounting year-end allowing for:

- Investment returns, and
- Cash-flows including investment returns on those cashflows.

The asset value at the start of the accounting period is accumulated with the Fund investment return over the accounting period. Net cashflows are assumed to be paid halfway through the period and accrue half of the Fund investment return over the period.

Roll-forward of Liabilities

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to allow for the later calculation date (by adding interest to the liabilities) and make allowance for changes in liabilities due to:

- The accrual of new benefits and the discharge of liabilities from the payment of benefits.
- The financial and demographic assumptions adopted at the year-end.
- The impact of any known experience affecting the liabilities, such as the impact of actual pension increases on pensions in payment and deferred benefits.
- If applicable, the impact of events which result in a change in the liability such as past service costs, settlements and curtailments.

The full valuation was based on funded benefits and the principal assumptions used by the actuary have been:

	31/03/21	31/03/22
Long-Term Expected Rate of Return on Assets in the Scheme (in line with the discount rate)	4.3%	4.25%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.8	21.6
Women	24.1	23.9
Longevity at 65 for future pensioners:		
Men	22.8	22.6
Women	25.6	25.4
Rate of inflation (CPI)	2.7%	3.0%
Rate of increase in salaries	3.95%	4.25%
Rate of increase in pensions	2.7%	3.0%
Rate for discounting scheme liabilities	2.1%	2.7%
Take-up of option to convert annual pension into retirement lump sum:		
Post-2010 Service	80%	80%
Pre-2010 Service	80%	80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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.

	RCT		Joint Committes		Total	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	£'000	£'000	£'000	£'000	£'000	£'000
Longevity (Increase or Decrease in 1 Year)	73,120	(71,030)	315	(306)	73,435	(71,336)
Rate of Increase in Salaries (Increase or Decrease by 0.1%)	6,270	(6,270)	18	(18)	6,288	(6,288)
Rate of Increase in Pensions (Increase or Decrease by 0.1%)	37,600	(37,600)	171	(171)	37,771	(37,771)
Rate for Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	(43,870)	43,870	(189)	189	(44,059)	44,059

33.8 Contributions for the Accounting Period ending 31st March 2023

The Employer's regular contributions to the Fund for the accounting period 31st March 2023 are estimated to be £37.6m. In addition, "strain on fund" contributions may be required.

Further information can be found in the Pension Fund Annual Report, which is on the [RCT Pension Fund website](#) and also available on request from the Director of Finance & Digital Services, Oldway House, Porth, Rhondda, CF39 9ST.

34.0 Retirement Benefits - Defined Contribution Schemes

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

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

In 2021/22, the Council paid £20.0m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2020/21 were £19.7m, representing 23.68% of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with related increases. In 2021/22 these amounted to £689k (£753k in 2020/21).

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

35.0 Contingent Liabilities

35.1 Insurance

The Council is liable for insurance claims made against it in respect of certain events. A provision is made in respect of claims received as at 31st March 2022. There is a further contingent liability in respect of events which will have occurred but which have not resulted in a claim being made as at the date of the accounts. The “statute of limitation” sets out the timescale by which a claim will have to be made in respect of such past events. An earmarked reserve has been set up to provide towards the costs of these incidents.

Due to the volume and differing circumstances of each potential claim it is impractical to provide an estimate of the possible financial effect. Similarly, it is impractical to provide an indication of uncertainties relating to the amount and timing of such liabilities.

Insurance claims are also referenced in note 4.2.

35.2 Municipal Mutual Insurance Ltd.

The former authorities of Rhondda Borough Council, Cynon Valley Borough Council, Taff Ely Borough Council and Mid Glamorgan County Council are creditors of Municipal Mutual Insurance Ltd. (MMI). MMI ceased to write new insurance business from 30th September 1992 and a Scheme of Arrangement was put in place in January 1994. The scheme was set up to ensure an orderly run off of claims in the event of MMI not being solvent. As creditors of MMI, the Council is legally bound by the Scheme and in November 2012, the scheme was triggered.

Future claim settlements by MMI will be made at a level of 75% with the funding of the remaining 25% being met from the former authorities’ funds. Correspondence from the scheme administrator states that it is not possible to guarantee that the initial and second levy, paid in February 2014 and May 2016, will be sufficient but they are the best estimates given the current position. The scheme requires the administrator to review the Levy at least once a year. Given the uncertainty regarding how sufficient the initial clawback will be, a contingent liability exists as the Council could be subject to further clawback dependent upon the resources of MMI, the insurer.

36.0 Trust Funds

The Council acts as sole trustees for various charities. Separate accounts are maintained for these. Net assets as at 31st March 2022 are shown as follows and are not included in the Council’s Balance Sheet. The 2021/22 figures are draft, subject to audit (Audit Wales for Welsh Church Act, the Regional Internal Audit Service for the other funds).

	Description	31/03/21	31/03/22
		£'000	£'000
Education & Miscellaneous	Various funds established for educational and community benefits	278	287
Rhondda Cynon Taf Charity for the Visually Impaired	Fund established for the benefit of visually impaired citizens	59	14
Welsh Church Act Fund	Fund established under the Welsh Church Act for various charitable aims within the counties of Rhondda Cynon Taf, Merthyr Tydfil and Bridgend	13,512	13,891

Group Accounts

1. Introduction

To reflect the changing nature of service provision in the public sector, all local authorities are required to prepare a full set of group financial statements, in addition to their single entity accounts, where they hold material interests in subsidiaries, associates or joint ventures.

The Group Accounts Statements comprise:

- Statement of Group Accounting Policies.
- Group Movement in Reserves Statement.
- Group Comprehensive Income and Expenditure Statement.
- Group Balance Sheet.
- Group Cash Flow Statement.

2. Bodies Consolidated

Following a review of the Council's activities, the following have been identified as group companies and have been consolidated into the group financial statements:

- **Amgen Cymru Ltd.** - This company was set up by the former Cynon Valley Borough Council as an arms length company under the 1990 Environment Act. It is registered as "Cynon Valley Waste Disposal" but trades as "Amgen Cymru Ltd.". The principal activities of the company are the provision of recycling services and waste disposal facilities. The Council has a 100% interest in the company of £2.8m. The company is a subsidiary of the Council.
- **Amgen Rhondda Ltd.** - This company was set up during September 1999 as a wholly owned subsidiary of Amgen Cymru Ltd. The principal activity of the company continues to be that of the stewardship of a closed landfill site and associated opportunities for income recognition. In April 2005 the company entered into a formal stewardship agreement with Rhondda Cynon Taf CBC, which provides for the remediation and long-term stewardship of the facility in conjunction with the shareholder.

Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda, and is therefore classed as a subsidiary.

The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd.

The individual financial statements of Cynon Valley Waste Disposal Company and Amgen Rhondda Limited have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102 (FRS102).

Statement of Group Accounting Policies

The group financial statements have been prepared in accordance with the accounting policies adopted for the single entity accounts, with the exception of the following items:

1. Long-Term Assets (Subsidiary Companies)

Certain Long-Term Assets of Amgen Cymru Ltd. and Amgen Rhondda Ltd. are valued in the company Balance Sheets at depreciated historical cost. This accounting policy is not consistent with that used by the Council. However, as the land and buildings are specialist assets used in the running of a waste disposal facility, and in the case of landfill cells a distinct class of asset not currently held by the Council, they have been consolidated into the Group Balance Sheet on this basis.

2. Basis of Charges for use of Long-Term Assets

Depreciation is charged to services on a straight-line basis and included within the Cost of Services in the Group Comprehensive Income and Expenditure Statement.

3. Basis of Consolidation

It is a requirement that Group Accounts are prepared using consistent accounting policies, which can differ between company and local authority accounts. The main differences between these accounts are:

- Long-term asset valuations. These should be based on the measurement principles given in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on International Financial Reporting Standards, which generally means assets are carried at a current valuation.
- Criteria for assessing cash equivalents: Short Term lending of surplus balances investments are treated as Cash at bank in the company accounts but as Short Term investments in the local authority accounts

The accounts of Amgen Cymru and Amgen Rhondda have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value.

Subsidiary companies are consolidated into the group statements using the acquisition method. Based on materiality, the associate company is not consolidated.

Group Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Group, 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 economic cost of providing the Group’s services on an International Financial Reporting Standards basis, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting. The Net (Increase) or Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Group Movement in Reserves Statement for the year ended 31st March 2021

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2020	8,709	69,616	39,028	2,384	1,750	24,934	136	146,557	56,752	203,309	(334)	202,975
Movement in reserves during 2020/21												
Surplus or (deficit) on the provision of services (accounting basis)	25,452	0	(118)	0	0	0	0	25,334	(9,067)	16,267	9,248	25,515
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income and expenditure	25,452	0	(118)	0	0	0	0	25,334	(9,067)	16,267	9,248	25,515
Adjustments between Group Accounts and Authority Accounts:	9,341	0	0	0	0	0	0	9,341	0	9,341	(9,341)	0
Net Increase or decrease before transfers	34,793	0	(118)	0	0	0	0	34,675	(9,067)	25,608	(93)	25,515
Adjustments between accounting basis and funding under regulations:	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Adjustment Account:	0											
Reversal of items debited / credited to CI&ES:												
Charges for depreciation and impairment of long-term assets	28,585	0	0	0	0	0	0	28,585	(28,585)	0	0	0

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Revaluation losses on property, plant & equipment	36,900	0	0	0	0	0	0	0	36,900	(36,900)	0	0	0
Movement in the fair value of Investment Properties	215	0	0	0	0	0	0	0	215	(215)	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	1,675	0	0	0	0	0	0	0	1,675	(1,675)	0	0	0
Revenue expenditure funded from capital under statute	10,735	0	0	0	0	0	0	0	10,735	(10,735)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(358)	0	0	0	358	0	0	0	0	0	0	0	0
Insertion of items not debited / credited to CI&ES:													
Statutory provision for the financing of capital investment	(13,561)	0	0	0	0	0	0	0	(13,561)	13,561	0	0	0
Capital expenditure charged against the Council Fund Balances	(14,209)	0	0	0	0	0	0	0	(14,209)	14,209	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:													
Capital grants and contributions unapplied credited to CI&ES	(70,102)	0	(706)	0	0	70,102	0	0	(706)	706	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(62,674)	0	0	(62,674)	62,674	0	0	0
Adjustments involving the Capital Receipts Reserve:													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	0	0	0	0	1,512	0	0	0	1,512	(1,512)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(515)	0	0	0	(515)	515	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	849	0	0	0	849	(849)	0	0	0

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Adjustments involving the Financial Instruments Adjustment Account:													
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(88)	0	0	0	0	0	0	(88)	88	0	0	0	0
Adjustments involving the Pensions Reserve:													
Reversal of items relating to retirement benefits debited or credited to the CI&ES	72,460	0	294	0	0	0	0	72,754	(72,754)	0	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(35,120)	0	(52)	0	0	0	0	(35,172)	35,172	0	0	0	0
Adjustment involving the Unequal Pay Back Pay Adjustment Account:													
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment involving the Accumulated Absences Account:													
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	123	0	6	0	0	0	0	129	(129)	(0)	0	(0)	(0)
<i>Continued Overleaf...</i>													

Other adjustments include:												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	52,047	0	(576)	0	2,205	7,428	0	61,104	(35,496)	25,608	(93)	25,515
Transfers to or from Earmarked Reserves	(52,251)	7,213	35,339	9,651	(1)	1	49	1	(1)	0	0	0
Increase or (decrease) in the year	(204)	7,213	34,763	9,651	2,204	7,429	49	61,105	(35,497)	25,608	(93)	25,515
Balance at 31st March 2021	8,505	76,829	73,791	12,035	3,954	32,363	185	207,662	21,255	228,917	(427)	228,490

Group Movement in Reserves Statement for the year ended 31st March 2022

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2021	8,505	76,829	73,791	12,035	3,954	32,363	185	207,662	21,255	228,917	(427)	228,490
Movement in reserves during 2021/22												
Surplus or (deficit) on the provision of services (accounting basis)	47,293	0	684	0	0	0	0	47,977	208,195	256,172	9,755	265,927
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income and expenditure	47,293	0	684	0	0	0	0	47,977	208,195	256,172	9,755	265,927
Adjustments between Group Accounts and Authority Accounts:	9,071	0	0	0	0	0	0	9,071	0	9,071	(9,071)	0
Net Increase or decrease before transfers	56,364	0	684	0	0	0	0	57,048	208,195	265,243	684	265,927
Adjustments between accounting basis and funding under regulations:	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments primarily involving the Capital Adjustment Account:	0											
Reversal of items debited / credited to CI&ES:												
Charges for depreciation and impairment of long-term assets	3,488	0	94	0	0	0	0	3,582	(3,582)	0	0	0

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Revaluation losses on property, plant & equipment	34,490	0	1,094	0	0	0	0	0	0	35,584	(35,584)	0	0	0
Movement in the fair value of Investment Properties	610	0	114	0	0	0	0	0	0	724	(724)	0	0	0
Capital Grants and Contributions applied	0	0	(603)	0	0	0	0	0	0	(603)	603	0	0	0
Amortisation of intangible assets	1,582	0	0	0	0	0	0	0	0	1,582	(1,582)	0	0	0
Movement in the Donated Assets Account	(1,020)	0	0	0	0	0	0	0	0	(1,020)	1,020	0	0	0
Revenue expenditure funded from capital under statute	13,425	0	0	0	0	0	0	0	0	13,425	(13,425)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	758	0	0	0	0	0	0	0	0	758	(758)	0	0	0
Insertion of items not debited / credited to CI&ES:														
Statutory provision for the financing of capital investment	(14,511)	0	0	0	0	0	0	0	0	(14,511)	14,511	0	0	0
Capital expenditure charged against the Council Fund Balances	(17,264)	0	0	0	0	0	0	0	0	(17,264)	17,264	0	0	0
Adjustments primarily involving the Capital Grants Unapplied Account:														
Capital grants and contributions unapplied credited to CI&ES	(81,868)	0	0	0	0	81,868	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(76,256)	0	0	0	(76,256)	76,256	0	0	0
Adjustments involving the Capital Receipts Reserve:														
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(1,079)	0	0	0	1,079	0	0	0	0	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	423	0	0	0	0	423	(423)	0	0	0

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Adjustments involving the Financial Instruments Adjustment Account:													
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(90)	0	0	0	0	0	0	0	(90)	91	1	0	1
Adjustments involving the Pensions Reserve:													
Reversal of items relating to retirement benefits debited or credited to the CI&ES	97,810	0	463	0	0	0	0	0	98,273	(98,273)	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(37,170)	0	(62)	0	0	0	0	0	(37,232)	37,232	0	0	0
Adjustment involving the Unequal Pay Back Pay Adjustment Account:													
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment involving the Accumulated Absences Account:													
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	933	0	7	0	0	0	0	0	940	(939)	1	0	1
<i>Continued Overleaf...</i>													

Other adjustments include:												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
Net increase or (decrease) before transfers to Earmarked Reserves	56,458	0	1,791	0	1,502	5,612	0	65,363	199,882	265,245	684	265,929
Transfers to or from Earmarked Reserves	(54,671)	9,108	36,840	8,526	213	0	(16)	0	0	0	0	0
Increase or (decrease) in the year	1,787	9,108	38,631	8,526	1,715	5,612	(16)	65,363	199,882	265,245	684	265,929
Balance at 31st March 2022	10,292	85,937	112,422	20,561	5,669	37,975	169	273,025	221,137	494,162	257	494,419

**Group Comprehensive Income and Expenditure Statement for the year ended 31st
March 2022**

This Statement shows the accounting cost in the year of providing services by the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Group Movement in Reserves Statement.

2020/21				Note:	2021/22		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
99,252	(14,544)	84,708	Prosperity, Development & Frontline Services	G 1.0	109,850	(23,964)	85,886
65,526	(10,109)	55,417	Chief Executive		54,428	(11,847)	42,581
257,439	(56,989)	200,450	Education & Inclusion Services		275,610	(71,802)	203,808
262,473	(81,609)	180,864	Community & Children's Services		292,365	(110,540)	181,825
98,130	(113,705)	(15,575)	Authority Wide Budgets		90,373	(90,493)	(120)
1,308	(1,758)	(450)	Joint Committees		2,478	(2,413)	65
784,128	(278,714)	505,414	Cost of Services		825,104	(311,059)	514,045
			Other Operating Expenditure				
23,230	0	23,230	Precepts		24,316	0	24,316
12,406	0	12,406	Levies		12,901	0	12,901
0	(358)	(358)	(Gains) or Losses on Disposal of Non-Current Assets		0	(319)	(319)
			Financing and Investment Income and Expenditure				
11,680	0	11,680	Interest Payable and Similar Charges		11,347	0	11,347
14,579	0	14,579	Net Interest on Net Defined Liability (Asset)		14,491	0	14,491
0	(598)	(598)	Interest Receivable and Similar Income		0	(643)	(643)
1,310	(324)	986	Income, Expenditure and Changes in the Fair Value of Investment Properties		628	(324)	304
			Taxation and Non-Specific Grant Income				
0	(140,915)	(140,915)	Council Tax Income		0	(146,388)	(146,388)
0	(74,592)	(74,592)	NDR Distribution		0	(79,250)	(79,250)
0	(321,312)	(321,312)	Non-Ringfenced Government Grants		0	(333,966)	(333,966)
0	(64,987)	(64,987)	Capital Grants and Contributions		0	(73,881)	(73,881)
0	(127)	(127)	Corporation Tax - Joint Committees		77	0	77
847,333	(881,927)	(34,594)	(Surplus) or Deficit on the Provision of Services		888,864	(945,830)	(56,966)
			Associates and Joint Ventures Accounted for on an Equity Basis				
			Tax Expenses				
0	(13)	(13)	Taxation of Group Entities		0	0	0
0	0	0	Share of Taxation of Associates and Joint Ventures		0	0	0
847,333	(881,940)	(34,607)	(Surplus) or Deficit		888,864	(945,830)	(56,966)
14,468	(20,244)	(5,776)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		4,149	(48,311)	(44,162)
14,868	0	14,868	Remeasurement of the Net Defined Benefit Liability		0	(164,799)	(164,799)
29,336	(20,244)	9,092	Other Comprehensive Income and Expenditure		4,149	(213,110)	(208,961)
876,669	(902,184)	(25,515)	Total Comprehensive Income and Expenditure		893,013	(1,158,940)	(265,927)

Group Balance Sheet as at 31st March 2022

The Group Balance Sheet summarises the financial position of the Council and its subsidiaries and associates as a whole. It shows the value of the Group assets and liabilities at the end of the financial year.

31/03/21			31/03/22	
			£'000	£'000
£'000		Note:	£'000	£'000
	Long-Term Assets	Property, Plant & Equipment:		
710,921		Other Land & Buildings	760,795	
497,215		Infrastructure	526,504	
21,870		Vehicles, Plant & Equipment	23,791	
2		Landfill Cells	735	
5,074		Community Assets	5,011	
2,572		Assets Under Construction	15,832	
145		Heritage Assets	145	
8,164		Investment Properties	7,546	
0		Defined Benefit Pension Scheme Asset	230	
3,204		Long-Term Intangible Assets	3,475	
6,615		Long-Term Investments	2,615	
0		Investment in Associates & Joint Ventures	0	
1,517		Long-Term Debtors	4,159	
1,257,299		TOTAL LONG-TERM ASSETS		1,350,838
	Current Assets			
23,479		Short-Term Investments	133,770	
705		Assets Held for Sale	1,196	
2,681		Inventories	1,443	
124,873		Short-Term Debtors	147,746	
18,766		Cash and Cash Equivalents	23,570	
170,504		TOTAL CURRENT ASSETS		307,725
	Current Liabilities			
(19,652)		Cash and Cash Equivalents	(14,465)	
(32,176)		Short-Term Borrowing	(19,156)	
(1,515)		Short-Term Donated Assets Account	0	
(1,636)		Short-Term Provisions	(1,508)	
(114,877)		Short-Term Creditors	(134,836)	
(169,856)		TOTAL CURRENT LIABILITIES		(169,965)
	Long-Term Liabilities			
(10,231)		Long-Term Creditors	(6,705)	
(4,863)		Long-Term Provisions	(4,854)	
0		Capital Grants Receipts in Advance	(1,798)	
(303,324)		Long-Term Borrowing	(373,531)	
(710,916)		Other Long-Term Liabilities	(607,168)	
(123)		Long-Term Donated Assets Account	(123)	
(1,029,457)		TOTAL LONG-TERM LIABILITIES		(994,179)
228,490	NET ASSETS			494,419

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8,505	Usable Reserves	Council Fund Balance		10,292	
		Earmarked Reserves:			
76,829		Capital, Treasury and Insurance Reserves		85,937	
73,791		Other Revenue Related Reserves		112,422	
12,035		Delegated Schools Reserve		20,561	
3,954		Usable Capital Receipts Reserve		5,669	
32,363		Capital Grant Unapplied Account		37,975	
185		MGCC Insurance Reserve		169	
207,662		TOTAL USABLE RESERVES			273,025
208,134	Unusable Reserves	Revaluation Reserve		244,437	
423		Deferred Capital Receipts Reserve		0	
532,591		Capital Adjustment Account	G 5.0	593,703	
(5,399)		Financial Instruments Adjustment Account		(5,308)	
(708,698)		Pensions Reserve		(604,960)	
(5,796)		Short-Term Accumulating Compensated Absence Account		(6,735)	
(427)		Group Companies Reserve	G 3.0	257	
20,828		TOTAL UNUSABLE RESERVES			221,394
228,490	TOTAL RESERVES				494,419

Group Cash Flow Statement 2021/22

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiaries and associates during the year.

2020/21			2021/22	
£'000		Note:	£'000	£'000
(34,594)	Net (Surplus) or Deficit on the Provision of Services		(56,966)	
(89,032)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	G 6.0	(91,875)	
67,703	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	G 7.0	75,596	
(55,923)	Net Cash Flows from Operating Activities			(73,245)
25,948	Investing Activities	G 9.0	140,445	
39,420	Financing Activities	G 10.0	(58,981)	81,464
9,445	Net Increase or Decrease in Cash or Cash Equivalents			8,219
(10,331)	Cash and Cash Equivalents at the Beginning of the Reporting Period			886
(886)	Cash and Cash Equivalents at the End of the Reporting Period			9,105

Notes to the Group Accounts

These notes should be read in conjunction with the notes to the Council's Core Financial Statements. Unless specifically identified below, the information provided for the single entity accounts also applies to the Group Statements.

G.1.0 Segmental Analysis (Subsidiary Companies)

The operating income and expenditure of Amgen Cymru Ltd. and Amgen Rhondda Ltd. has been included within Prosperity, Development & Frontline Services.

A Group Expenditure and Funding Analysis Statement, and its associated notes, has not been included in the Group Statements due to materiality.

G 2.0 Long-Term Assets

G 2.1 Property, Plant and Equipment

Movements in 2020/21

	Other Land & Buildings	Infrastructure	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2020	779,075	655,238	53,238	193	6,246	41,228	1,535,218
Joint Committees	5,569	0	0	0	0	0	5,569
Opening Balance							
Additions	33,967	44,858	9,730	0	224	2,142	90,921
Donations	0	0	0	0	0	0	0
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	(4,954)	0	0	0	0	0	(4,954)
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(36,949)	0	0	0	0	0	(36,949)
Derecognition – Disposals	(2,476)	0	(4,709)	0	0	0	(7,185)
Derecognition - Other	0	0	(1,722)	0	0	0	(1,722)
Assets Reclassified (to)/from Held for Sale	10	0	0	0	0	0	10
Other Reclassifications	18,717	16,240	273	0	0	(40,798)	(5,568)
Other Movements in Cost or Valuation	0	0	0	0	0	0	0
At 31st March 2021	792,959	716,336	56,810	193	6,470	2,572	1,575,340

Continued Overleaf...

Accumulated Depreciation and Impairment							
At 1st April 2020	(84,761)	(203,906)	(34,090)	(188)	(1,396)	0	(324,341)
Joint Committees Opening Balance	0	0	0	0	0	0	0
Depreciation Charge	(16,443)	(13,688)	(5,450)	(3)	0	0	(35,584)
Depreciation Written Out of the Revaluation Reserve	12,169	0	0	0	0	0	12,169
Depreciation Written out to the Surplus/Deficit on the Provision of Services	6,814	0	0	0	0	0	6,814
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(2,789)	0	0	0	0	0	(2,789)
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	1,867	(1,527)	(1,722)	0	0	0	(1,382)
Derecognition – Disposals	1,105	0	4,600	0	0	0	5,705
Derecognition - Other	0	0	1,722	0	0	0	1,722
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other Reclassifications	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0
At 31st March 2021	(82,038)	(219,121)	(34,940)	(191)	(1,396)	0	(337,686)
Net Book Value:							
At 31st March 2021	710,921	497,215	21,870	2	5,074	2,572	1,237,654
At 31st March 2020	699,883	451,332	19,148	5	4,850	41,228	1,216,446

Movements in 2021/22

	Other Land & Buildings	Infrastructure	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1st April 2021	792,959	716,336	56,810	193	6,470	2,182	1,574,950
Joint Committees Opening Balance	0	0	0	0	0	390	390
Additions	25,790	44,357	6,714	0	0	14,444	91,305
Donations	0	0	1,020	0	0	0	1,020
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	17,106	0	0	0	0	0	17,106
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(34,445)	0	0	0	0	0	(34,445)
Derecognition – Disposals	(780)	0	(6,717)	0	0	0	(7,497)
Derecognition - Other	0	0	(1,284)	0	0	0	(1,284)
Assets Reclassified (to)/from Held for Sale	(496)	0	0	0	0	0	(496)
Other Reclassifications	158	0	396	789	(158)	(1,184)	1
Other Movements in Cost or Valuation	0	0	0	0	0	0	0
At 31st March 2022	800,292	760,693	56,939	982	6,312	15,832	1,641,050

Continued Overleaf...

Accumulated Depreciation and Impairment								
At 1st April 2021	(82,038)	(219,121)	(34,940)	(191)	(1,396)	0	(337,686)	
Joint Committees Opening Balance	0	0	0	0	0	0	0	
Depreciation Charge	(17,922)	(14,704)	(4,813)	(151)	0	0	(37,590)	
Depreciation Written Out of the Revaluation Reserve	23,526	0	0	0	0	0	23,526	
Depreciation Written out to the Surplus/Deficit on the Provision of Services	8,736	0	0	0	0	0	8,736	
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	2,855	0	0	0	0	0	2,855	
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	25,398	(364)	(1,284)	0	0	0	23,750	
Derecognition – Disposals	36	0	6,703	0	0	0	6,739	
Derecognition - Other	0	0	1,284	0	0	0	1,284	
Assets Reclassified (to)/from Held for Sale	6	0	0	0	0	0	6	
Other Reclassifications	(94)	0	(98)	95	95	0	(2)	
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	
At 31st March 2022	(39,497)	(234,189)	(33,148)	(247)	(1,301)	0	(308,382)	
Net Book Value:								
At 31st March 2022	760,795	526,504	23,791	735	5,011	15,832	1,332,668	
At 31st March 2021	710,921	497,215	21,870	2	5,074	2,572	1,237,654	

G 2.2 Valuation of Long-Term Assets

Assets are valued according to asset type. The following table shows the type of operational assets held, the basis of valuation and the date of last valuation.

Asset Type	Date of Last Valuation	Basis of Valuation
Other Land & Buildings	Rolling Programme	EUV/DRC
Specialist Building	Rolling Programme	DRC
Vehicles, Plant & Equip	N/A	DHC
Infrastructure	N/A	DHC
Community Assets	N/A	DHC
Landfill Cells	N/A	DHC

EUV - Existing Use Value

DHC - Depreciated Historic Cost

DRC - Depreciated Replacement Costs

G 3.0 Group Companies Reserve

Movements in the Group Companies Reserve are summarised as follows:

	Amgen Cymru	Amgen Rhondda	Total
	£'000	£'000	£'000
Balance as at 31st March 2021	2,321	(2,748)	(427)
Increase/(Decrease) 2021/22	687	(3)	684
Balance as at 31st March 2022	3,008	(2,751)	257

G 4.0 Subsidiary Companies Statutory Accounts

A summary of the statutory accounts for the Amgen Group is given in the following table. These accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities.

	Amgen Cymru		Amgen Rhondda	
	March 2021	March 2022	March 2021	March 2022
		Draft		Draft
	£'000	£'000	£'000	£'000
Shareholding	2,806	2,806	229	226
Net Current Assets	3,434	3,972	200	205
Total Assets less Current Liabilities	15,596	14,861	229	226
Net Assets	5,821	6,391	229	226
(Loss)/Profit Before Tax	(99)	(79)	18	(3)
(Loss)/Profit After Tax	(113)	(79)	18	(3)
Registration No.	02660628		03687641	
Registered Office/Location of Accounts	Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX		Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX	
Auditors	Azets Audit Services		Azets Audit Services	
Audit Opinion	Not yet given for year		Not yet given for year	

It is anticipated the accounts will be approved at the companies' Annual General Meeting in September 2022.

G 5.0 Consolidation Adjustments**G 5.1 Capital Adjustment Account**

	£'000
Balance as at 1st April 2021	532,591
Gains/(Losses) during the year	61,112
Balance as at 31st March 2022	593,703

In the Council's accounts the value of the shareholding in Amgen Rhondda Ltd. is written down to the value of the net assets of the company. To allow consolidation of the accounts the value of shareholding must be reinstated, which results in a credit to the Capital Adjustment Account of £2,751k.

G 6.0 Cash Flow Statement – Adjusting to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements

2020/21		2021/22
£'000		£'000
(67,244)	Depreciation and Impairment	(41,414)
(1,675)	Amortisation	(1,582)
(17,676)	(Increase)/Decrease in Creditors	(16,433)
39,930	Increase/(Decrease) in Debtors	25,515
1,964	Increase/(Decrease) in Stock	(1,238)
(37,973)	Movement in Pension Liability	(60,785)
(816)	Contribution to Provisions	401
(130)	Short-Term Accumulated Absence Accrual	(939)
(1,512)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(758)
(3,900)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	5,358
(89,032)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	(91,875)

G 7.0 Cash Flow Statement – Adjust for Items Included in the Net Surplus or Deficit on the Provision on Services that are Investing and Financing Activities

2020/21		2021/22
£'000		£'000
2,716	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,715
64,987	Any Other Items for which the Cash Effects are Investing or Financing Cash Flows	73,881
67,703		75,596

G 8.0 Cash Flow Statement – Interest within Operating Activities

The cash flows for operating activities include the following items:

2020/21		2021/22
£'000		£'000
(922)	Interest received	(967)
11,680	Interest paid	11,347
10,758	Interest within Operating Activities	10,380

G 9.0 Cash Flow Statement – Investing Activities

2020/21		2021/22
£'000		£'000
103,212	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	111,007
(9,561)	Purchase and Redemption of Short-Term and Long-Term Investments	105,034
(2,716)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,715)
(64,987)	Other receipts from Investing Activities	(73,881)
25,948	Net Cash Flows from Investing Activities	140,445

G 10.0 Cash Flow Statement – Financing Activities

2020/21		2021/22
£'000		£'000
(18,000)	Cash Receipts of Short-Term and Long-Term Borrowing	(87,400)
1	Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	0
57,419	Repayments of Short-Term and Long-Term Borrowing	28,419
39,420	Net Cash Flows from Financing Activities	(58,981)

G 11.0 Adjustments between Group Accounts and Council Accounts in the Group Movements in Reserve Statement

The adjustments between Group Accounts and the Council's Accounts in the Group Movements in Reserves Statement relate to sales and purchases between the Council and subsidiaries.

2020/21		2021/22
£'000		£'000
(175)	Amgen Rhondda supplies to the Council	(176)
(10,233)	Amgen Cymru supplies to the Council	(9,468)
1,067	Council supplies to Amgen Cymru	573
(9,341)	Net Expenditure	(9,071)

G 12.0 Debtors

An analysis of Short-Term Debtors in the Group Balance Sheet is as follows:

2020/21		2021/22
£'000		£'000
67,860	Central Government Bodies	95,507
17,171	Other Local Authorities	8,201
11,404	NHS Bodies	13,244
1028	Public Corporations and Trading Funds	816
27,410	Other Entities and Individuals	29,978
124,873	Total	147,746

G 13.0 Creditors

An analysis of Short-Term Creditors in the Group Balance Sheet is as follows:

2020/21		2021/22
£'000		£'000
(19,182)	Central Government Bodies	(18,012)
(18,891)	Other Local Authorities	(13,673)
(9,329)	NHS Bodies	(1,495)
(522)	Public Corporations and Trading Funds	(249)
(66,953)	Other Entities and Individuals	(101,407)
(114,877)	Total	(134,836)

G 14.0 Provisions

Provisions are amounts set-aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Short-Term Provision	Land Purchases and Part 1 Claims	Insurance Claims	Total
	£'000	£'000	£'000
Balance at 1st April 2021	(520)	(1,116)	(1,636)
Additional provisions made in 2021/22	0	(1,046)	(1,046)
Amounts used in 2021/22	8	924	932
Unused amounts reversed in 2021/22	0	242	242
Balance at 31st March 2022	(512)	(996)	(1,508)

Long-Term Provision	Insurance Claims	Joint Committees	Amgen Cymru – Landfill Aftercare	Total
	£'000	£'000	£'000	£'000
Balance at 1st April 2021	(3,253)	(327)	(1,283)	(4,863)
Additional provisions made in 2021/22	(1,712)	(63)	(132)	(1,907)
Amounts used in 2021/22	1,045	0	0	1,045
Unused amounts reversed in 2021/22	871	0	0	871
Balance at 31st March 2022	(3,049)	(390)	(1,415)	(4,854)

G 15.0 Amgen Cymru – Landfill Aftercare

The Company is required by the shareholders agreement to provide for future aftercare cost such as landfill capping and restoration. The aftercare provision at the balance sheet date falls within a range which is considered to be the best estimate at this time of the company's exposure to future aftercare costs.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22****1. INTRODUCTION**

- 1.1 The Council's Corporate Plan 2020 - 2024 'Making a Difference' sets the overall direction for the Authority over a period of 4 years describing the vision, purpose and priorities to be delivered.
- 1.2 The Council's agreed vision, purpose and priorities are:
- Vision – ***To be the best place in Wales to live, work and play, where people and businesses are independent, healthy and prosperous.***
 - Purpose - ***To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.***
 - Priorities:
 - Ensuring ***People***: are independent, healthy and successful:
 - Creating ***Places***: where people are proud to live, work and play: and
 - Enabling ***Prosperity***: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.
- 1.3 Underpinning the above priorities are the cross-cutting themes of '***Live within our means***' and '***Efficient and effective Council***' – both of which focus on robust financial planning and management arrangements to ensure the Council maintains its financial stability, is financially resilient and makes the best use of scarce resources.
- 1.4 This Annual Governance Statement sets out for the community, service users, taxpayers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan priorities.

2. SCOPE OF RESPONSIBILITY

- 2.1 Rhondda Cynon Taf County Borough Council (RCT) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 2.3 The Council, in compiling the Annual Governance Statement, has adopted the *Delivering Good Governance in Local Government: Framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of

Local Authority Chief Executives and Senior Managers (Solace). In doing so, the Annual Governance Statement meets the Council's legal duty as set out in the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

- 2.4** Regard has also been given to the CIPFA Bulletin 06 – 'Application of the Good Governance Framework 2020/21' in respect of conducting the review of the Council's governance arrangements for the 2021/22 financial year. This provides guidance on the impact of the continuing Covid-19 pandemic on governance in local government bodies (see paragraphs 5.3 – 5.7) and also the CIPFA Financial Management Code 2019 (see paragraphs 5.14.2 to 5.14.6), both of which should form part of local authorities' review of governance arrangements for the period April 2021 to March 2022.
- 2.5** The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31st March 2022.

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1** The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2** For RCT governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.3** The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.4** The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 3.5** The governance framework outlined below has been in place at RCT for the year ended 31st March 2022 (and up to the date of approval of the 2021/22 Statement of Accounts).

4. THE GOVERNANCE FRAMEWORK AND REVIEW ARRANGEMENTS

- 4.1** The Council has put in place a Local Code of Corporate Governance, in line with the seven principles set out in *The Delivering Good Governance in Local Government Framework (2016)*, to support its arrangements for ensuring sound governance.
- 4.2** The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. Section 5 sets out a Review of Effectiveness for the 2021/22 financial year against the Local Code of Corporate Governance.

5. REVIEW OF EFFECTIVENESS

- 5.1** The Review of Effectiveness has entailed reviewing the activities in place around the Council's main governance arrangements, as set out in the Local Code of Corporate Governance and associated key processes, engagement with senior officers across services in respect of these arrangements and taking account of the findings from a range of existing reports including external regulator reports.
- 5.2** The Review of Effectiveness has also considered the impact of the Covid-19 pandemic on the Council's governance arrangements and more recently, the work being delivered by the Council to help communities manage the cost of living crisis.

Covid-19

- 5.3** The Covid-19 pandemic continued to be a central feature in service planning and delivery throughout 2021/22, as was the case in 2020/21, with services adapting and working flexibly to ensure the continued provision of essential services and responding to the needs of communities across the County Borough.
- 5.4** The committee and democratic processes of the Council were fully operational, this enabling transparent decision making, effective scrutiny and Committees fulfilling their responsibilities as set out in terms of reference.
- 5.5** Financial and performance management arrangements were in place to closely manage Council resources and service delivery, this being demonstrated via published quarterly / year-end performance reports and the external audit of the Council's Statement of Accounts. During this period, the Council delivered a number of financial support packages, funded by Welsh Government, to support residents and businesses, for example, Self-isolation Payments (£4.6Million) and Emergency Non-Domestic Rates Scheme (£3.1Million) and ensured appropriate controls were in place for each package of support.
- 5.6** The pandemic also resulted in over £30Million of additional costs and income losses being incurred by the Council, for example, additional expenditure on staff cover costs for staff that were required to self-isolate, free school meal payments, additional cleaning costs and increased demand for services such as social care and

homelessness; and loss of income due to the need to temporarily suspend or reduce services such as leisure centres, theatres and visitor attractions. The majority of additional costs and income loss incurred during 2021/22 was recovered via the Welsh Government Hardship Fund; however due to the Hardship Fund not continuing for 2022/23, the Council is monitoring the on-going impacts and financial implications of Covid-19 and will use any flexibility afforded within available reserves to transition any permanent additional costs into the base budget over the medium term.

- 5.7** The Council has transformed many services during the pandemic to meet the changing needs of communities through, for example, digital solutions, optimising the use of buildings and working with others. This will be an on-going programme of work and the Council will continue to analysis the impact of Covid-19 on residents and businesses, reflect required changes within its Corporate Plan priorities and ensure arrangements are underpinned by a robust governance framework.

Cost of Living Crisis

- 5.8** In March 2022 Welsh Government announced a package of measures to help people with support towards the cost of living, totalling £175Million across Wales, with Rhondda Cynon Taf allocated over £16Million. The Council has put in place appropriate internal controls to check eligibility and administer payments, when processed from April 2022 onwards, with the internal control arrangements being independently reviewed and signed off by Internal Audit.

Review of Effectiveness Against the Local Code of Corporate Governance

- 5.9** Each section of the Council's Local Code of Corporate Governance has been set out below, alongside other key governance arrangements, and a review of their effectiveness undertaken and proposals for improvement made, where deemed appropriate.

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

5.10.1 Good governance flows from a shared ethos and culture, as well as from systems and structures. As a public body, Rhondda Cynon Taf County Borough Council expects all representatives (i.e. Members and Officers) to conduct their duties with the highest levels of honesty and integrity.

Local Code of Corporate Governance Requirements	Sub-Principle ¹	Review of Effectiveness During 2021/22
<u>Elected Councillor and Officer Codes of Conduct</u> - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity.	Behaving with integrity	<ul style="list-style-type: none"> • The Council's Constitution sets out the standards of behaviour expected of elected Councillors and Officers through Codes of Conduct and Rules of Procedure. • Committee meetings were held in line with the Council's Code of Conduct, for example, declarations of interest were sought at each meeting and declarations made by elected Councillors. • All officers who started employment with the Council were provided with a local induction setting out, amongst other things, expected standards of behaviour.
Officer Guide.	Behaving with integrity	<ul style="list-style-type: none"> • Each new recruit is provided with a the 'Basic Rules – A Guide for Employees' booklet that gives each employee information in relation to (amongst other things) expected behaviour, use of social media, appearance and attendance. The expectations of each employee are therefore set out from the outset.
<u>Rules of Procedure</u> – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • The Council's Constitution sets out the Rules of Procedure to be followed by elected Councillors and Officers when conducting the Council's business. The arrangements, as set out in the Rules of Procedure, were compiled with during the year and publicly demonstrate an accountable and open approach in the delivery of Council services.

¹ Sub-principle – as set out in 'The Delivering Good Governance in Local Government Framework (2016)'.

Contract and Financial Procedure Rules.		
Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Standards Committee - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • A Standards Committee was in place during the year, its Terms of Reference supported by an agreed and published <u>Work Programme for 2021/22</u> and the Committee met on 3 occasions. • The work programme gave focus to areas that promote high standards of conduct, for example, Public Services Ombudsman for Wales (PSOW) updates; consideration of Dispensation Applications; and reviewing and endorsing a Memorandum of Understanding developed by the Democratic Services Committee to promote diversity in democracy, promote high standards of behaviour and mutual respect between elected Councillors (the Memorandum of Understanding was subsequently endorsed by full Council in February 2022). • Information on the outcome of investigations undertaken by the PSOW relating to RCT Elected Members and Community/Town Councillors within RCT (for whom the Monitoring Officer has responsibility) were reported to the Standards Committee during the year (<u>24th September 2021</u>, <u>19th November 2021</u> and <u>16th March 2022</u> along with other relevant information i.e. Code of Conduct Casebook updates, Summary of Complaints and the PSOW Annual Report and Letter 2020/21).

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
<p><u>Comments, Compliments and Complaints</u> – setting out how the Council handles and responds to feedback (complaints, compliments and comments).</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> • Arrangements were in place for Comments, Compliments and Complaints to be publicly reported and scrutinised by elected Members in the form of annual reports for the 2020/21 financial year: <ul style="list-style-type: none"> ○ Non-social services related - to the <u>21st September 2021</u> Overview and Scrutiny Committee meeting and the report concluded ‘<i>All customer feedback provides valuable information from which services can improve and develop. This data also enables services and the Council as a whole to better understand the needs of its residents and to assist in both the planning and delivery of essential services</i>’. ○ The PSOW Annual Letter to the Council and Annual Report were reported to the Council’s Cabinet on <u>15th November 2021</u>. This report enabled Cabinet to further review and assess how the Council is managing, and learning from, the feedback it receives. The report highlighted that, ‘<i>in total, 5% of the Council’s cases during the period required PSOW intervention, compared against 12% as reported in the previous period, so a significant drop. The average intervention rate for local authorities was 13%</i>’. The Council has consistently been in the lower quartile, out of the 22 Welsh local authorities, in respect of the complaints it receives (as a proportion of complaints per 1,000 residents). ○ Social Services related - to the <u>4th October 2021</u> Cabinet meeting – the report concluded that Social Services continue to provide a robust and effective complaints procedure in line with the statutory requirements. • In line with the Local Government and Elections (Wales) Act 2021, the <u>26th May 2021</u> full Council meeting agreed to amend the terms of reference of the GAC to include responsibility for Complaints handling and an overview of the arrangements was reported to this Committee on <u>7th February 2022</u>.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Gifts and hospitality Policy.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • The Council has a Gifts and Hospitality Policy and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy.
<p><u>Whistle-blowing Policy</u> – promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council.</p>	Respecting the rule of law	<ul style="list-style-type: none"> • The Council's Whistle-blowing Policy and Procedure was updated and approved during the year and staff awareness was undertaken via a Council wide email to employees on 9th March 2022 and whistle-blowing was part of staff induction arrangements. • The <u>23rd March 2022 GAC meeting</u> considered the Whistleblowing Annual Report 2021/22 and concluded that the Whistleblowing Policy and Procedure continues to be fit for purpose and that the Council's whistleblowing arrangements are appropriate. • The arrangements in place demonstrate the Council's commitment to promoting the highest standards of service and ensuring that workers know how they can bring matters of alleged wrongdoing to the attention of the Council.
Anti-fraud, Bribery & Corruption Strategy.	Respecting the rule of law	<ul style="list-style-type: none"> • Anti-fraud, Bribery and Corruption Strategy updates were reported to the GAC during the year (a mid-year update on <u>6th December 2021</u> and a year-end update including a proposed work programme for 2022/23 on <u>23rd March 2022</u>). • The overall conclusion set out in the March 2022 report, based on the work undertaken during the year, was that the Council has taken necessary preventative steps to raise awareness around vigilance and appropriate sharing of intelligence across the anti-fraud network. This report was endorsed by the GAC.

5.11 Core Principle B. Ensuring openness and comprehensive stakeholder engagement

5.11.1 The Council is committed to being open and engaging effectively with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
<p>A <u>Publication Scheme</u> that aims to advise citizens how to request public information the Authority holds.</p>	<p>Openness</p>	<ul style="list-style-type: none"> • The Council's website provided information on its <u>Publication Scheme setting out the information published by the Council and how to access it, and also on the Freedom of Information Act 2000</u> that advised residents how to request public information that the Council may hold. <p><u>Freedom of Information</u></p> <ul style="list-style-type: none"> • The Council received 919 Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests during the year. Updates were reported to the Council's Information Management Board on a quarterly basis to enable the Board to maintain an overview of the Council's compliance with the relevant legislation. • The Council received 6 complaints which had been referred to it by the ICO: 5 related to the timeliness of requests being responded to by the Council (all of which were subsequently responded to) and 1 where the ICO agreed that the Council did not hold the information. <p><u>Public Services Ombudsman for Wales (PSOW)</u></p> <ul style="list-style-type: none"> • The Ombudsman received 48 complaints relating to the Council: 37 cases where there was no investigation deemed required following review by the PSOW; 2 cases where apology letters were sent to the complainant; 7 cases referred back to be dealt with as part of the Council's complaint procedures; and 1 case on-going.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Clear and open <u>Corporate & Service Specific Privacy Notices</u> .	Openness	<ul style="list-style-type: none"> • The UK General Data Protection Regulation (GDPR) came into effect on the 1st January 2021 replacing the European Union GDPR. During 2021/22 the Council demonstrated compliance with the requirements of the UK GDPR: <ul style="list-style-type: none"> ○ Organisational governance was in place which included designated roles of Data Protection Officer and Senior Information Risk Owner. ○ Robust measures were in place that supported compliance with legislation, this included a Data Protection Register, Data Protection Impact Assessments, Privacy Notices, recording of personal data breaches, processing of information rights requests and appropriate interfaces with ICO.
Forward plans for Committee meetings together with the matters to be considered, where appropriate.	Openness	<ul style="list-style-type: none"> • The Council had in place published forward plans of Committee meetings together with the matters to be considered to, amongst other things, assist members of the public to engage in the democratic processes of the Council. This included for example: Full Council – work programme updates reported: <u>30th June 2021</u> and verbal updates to the 20th October 2021, 24th November, 15th December, 19th January 2022, 9th February and 9th March meetings; Cabinet – work programme updates reported: <u>17th June 2021</u>, <u>21st September 2021</u> and <u>13th December 2021</u>; and <u>Overview and Scrutiny Committee - 5th July 2021</u> and a review of the work programme undertaken at the <u>9th December 2021</u> meeting (noting that the Overview & Scrutiny Committee also had a coordinating role to ensure there was no duplication of work across thematic scrutiny committees).

5.11.2 The Council also had in place a range of stakeholder engagement arrangements:

- Sub-principle: *Engaging Comprehensively With Institutional Stakeholders*: the Council is a substantive member of the Cwm Taf Public Services Board and actively engages to shape shared priorities, outcomes and allocation of resources, for example, the recently undertaken Well-being Assessment for Cwm Taf Morgannwg, for which the Council and its Joint Overview and Scrutiny Committee were involved in the working groups informing the work. Similar engagement takes place with Cwm Taf Morgannwg Regional Partnership Board, particularly around the allocation of the Regional Investment Funds. The Council also engages with

partner organisations on specific areas where there are shared goals, such as, with the Health Service on developing an integrated health and social care locality model and redesigning Community Mental Health Services; using RCT Neighbourhood Network Groups developed to support the Community Hub model that works with local community groups to meet identified needs, including a social prescribing model; and an integrated Substance Misuse Service and Community Safety Partnership.

- Sub-principle – *Engaging Stakeholders Effectively, Including Individual Citizens And Service Users*: the Council has a dedicated Lets Talk RCT engagement website that supports an on-going programme of engagement with residents, communities and Community Councils to find out what matters to them and use feedback to help shape services. During 2021/22 this included:
 - Lets Talk Budget – that helped inform the 2022/23 Revenue Budget Strategy.
 - Lets Talk Climate Change – this is helping to inform the Council’s programme of work to tackle climate change.
 - Lets Talk Active Travel – to inform plans for walking and cycling routes.
 - Lets Talk Welsh Language Strategy – to help inform where visitors to Rhondda Cynon Taf would like to see more Welsh language services.

5.12 Supporting Principles

C: Defining outcomes in terms of sustainable economic, social and environmental benefits; and

D: Determining the interventions necessary to optimise the achievement of the intended outcomes

5.12.1 The Council believes in open and robust decision-making arrangements to define, determine and deliver outcomes and provide opportunity for continual review to ensure outcomes are optimised.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2021/22
Performance Management Framework	Defining Outcomes / Determining Interventions / Planning Interventions	<ul style="list-style-type: none"> • The Council has in place a Performance Management Framework (PMF) that covers: the planning arrangements to enable the delivery of Corporate Plan priorities and how it will contribute to the delivery of the Cwm Taf Well-Being Plan; how the Council will meet its statutory reporting duties under the Well-being of Future Generations Act 2015; and roles and responsibilities. The Council's performance management arrangements for 2021/22 operated in line with the PMF. • The Council's three Corporate Plan priorities of People, Places and Prosperity are set out within the PMF along with the outcomes to be delivered within each priority and aligned with the performance reporting arrangements in place during the year. • The Council's Corporate Plan 2020 – 24 'Making a Difference' sets out: <ul style="list-style-type: none"> ○ The Vision for the County Borough in 2024 and the priorities and objectives it will focus on during this period. ○ Key outcomes the Council aims to deliver, across the three priorities, and the actions / interventions to be taken. ○ How the delivery of the Council's Corporate Plan will contribute to the seven national well-being goals within the Well-being of Future Generations Act 2015.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate Plan and Service Delivery Plans	Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Corporate Plan updates were monitored and reported on a quarterly basis during the year and set out objectives and outcomes, detailed position statements on progress and exceptions to aid stakeholder scrutiny (see 'Quarterly Performance Report (including Risk Register up dates' section). • Service Delivery Plans were in place for each designated service area, following a review and sign-off process, and included detailed actions to support the delivery of Corporate Plan priority outcomes (as well as local / service specific actions and actions associated with the on-going recovery from the pandemic and key risks). Service Delivery Plans were monitored at a service level. • <u>Proposal for Improvement</u> - The collection and reporting of performance indicator information was necessarily paused during the pandemic due to the need to temporarily suspend some frontline service areas and / or changes in service delivery arrangements. For the 2022/23 financial year, the reporting of key performance indicator information should be reinstated to enable a full as picture as possible to be reported of performance.
Risk Management Strategy	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council's Risk Management Strategy was reviewed and updated in line with a 2020/21 Annual Governance Statement proposal for improvement and taking into account recommendations reported in the 2020/21 Internal Audit report 'Risk Management'. • The updated draft of the Risk Management Strategy was reviewed and endorsed by the GAC on <u>23rd March 2022</u> and will ensure the arrangements continue to be fit for purpose to support the delivery of Corporate Plan and Service priorities. • <u>Proposal for Improvement</u> – The Council's Strategic Risk Register requires review to take account of revisions incorporated within the updated Risk Management Strategy. The Strategic Risk Register should be reviewed and where appropriate, updated, taking into account the updated principles as set out in the Risk Management Strategy.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Quarterly Performance Report (including Risk Register updates)	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council's Performance Reports were publicly reported to the Executive and the designated scrutiny committee on a quarterly basis, and provided updates on: Revenue Budget, Capital Programme and Treasury Management performance; Workforce (sickness absence and turnover) information; Corporate Plan updates for the 3 priorities of People, Places and Prosperity, and supported by detailed action plan updates for each priority; additional investment allocated to Corporate Plan priorities; Strategic Risk Register risks that could adversely impact the delivery of Corporate Plan priorities alongside mitigating actions; and enhancing the Council's response to extreme weather events. • With specific regard to Corporate Plan priority updates reported, positive progress overall can be demonstrated alongside services continuing their recovery from the pandemic. • These arrangements were in line with the PMF and provided opportunity for stakeholders to hold the Council to account for its financial and operation performance. • In parallel with quarterly performance reporting arrangements, the GAC were provided with detailed risk management updates on <u>9th November 2021</u> (updated Strategic Risk Register for 2021/22), <u>7th February 2022</u> (Information Management) and <u>23rd March 2022</u> (updated draft Risk Management Strategy – see Risk Management Strategy section). These arrangements ensured the GAC was kept up to date with the Council's risk profile and monitored the effectiveness of the risk management arrangements in place.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Annual Revenue Budget Strategy and three-year Capital Programme	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Full Council approved the 2021/22 Revenue Budget Strategy and 3-year Capital Programme (2021/22 to 2023/24) on <u>10th March 2021</u>. <u>Revenue Budget Strategy 2021/22</u> • The 2021/22 Revenue Budget totalled £527.903Million, the broad objectives of which have been delivered during the year: <ul style="list-style-type: none"> ○ Support the delivery of Corporate Plan priorities (see Supporting Principles C and D - 'Quarterly Performance Report (including Risk Register updates)'). ○ Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management (see Supporting Principle F and paragraph 5.17.8). ○ Continue the delivery of our key services and protect as many local jobs as possible.- this being supported through additional investment in specific service areas and no cuts or reduction in service levels as part of the budget strategy. ○ Take a responsible approach to the level of Council Tax - supported by the Council having the lowest average Band D council tax increase for 4 years (2018/19 to 2021/22) and fifth lowest for 2022/23. • As part of formulating the 2021/22 Revenue Budget, the Council undertook a consultation exercise with local residents / stakeholders that included seeking feedback on the Council's 3 Corporate Plan Priorities: 87% of respondents agreed with the priorities, 6% disagreed and 7% indicated 'don't know'. <u>Capital Programme (2021/22 to 2023/24)</u> • The Capital Programme (2021/22 to 2023/24) totalled £116.024Million and set out the capital investment priorities of the Council over a 3-year period with clear links to supporting the delivery of Corporate Plan priority areas. The programme also included £9.4Million of additional resources to support on-going improvement in services available to residents.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Medium Term Financial Plan	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council has well embedded Medium Term Financial Planning arrangements that inform budget setting arrangements and the allocation of resources, and drive a proactive approach in securing external funding. The latest Medium Term Financial Plan (July 2021) analysed the Council's resources across Corporate Plan priority areas: 85% of the revenue budget and 98% of the capital budget were allocated to Corporate Plan priority areas. (See also section 'Supporting Principle F').
Scrutiny Committees	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • The Council's Finance and Performance Scrutiny Committee had designated responsibility, in line with its Terms of Reference, to: <ul style="list-style-type: none"> ○ Scrutinise the Council's financial and operational performance (including Corporate Plan priority updates) on a quarterly basis. ○ Be a consultee as part of the Council's annual budget consultation process. • Comprehensive information was reported to the Finance and Performance Scrutiny Committee to enable the Committee to fulfil its responsibilities, including training, and lines of enquiry raised by the Committee Members were addressed through the regular attendance of the relevant Cabinet Member and Council Officers. • The Council utilised its scrutiny committee arrangements to pre-scrutinise key areas of work prior to consideration by Cabinet, for example, the Overview and Scrutiny Committee pre-scrutinised the 21st Century Schools and Colleges Programme – Mutual Investment Model on <u>16th July 2021</u> and the Finance and Performance Scrutiny Committee pre-scrutinised the draft Digital Strategy 2022-2026 <u>30th November 2021</u>. • A Cwm Taf Public Services Board Joint Overview and Scrutiny Committee was in place, coordinated by the Council, to scrutinise the work of the Public Services Board and associated partnership working.

5.13 Supporting Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

5.13.1 The Council puts in place appropriate structures and leadership, and invests in its workforce to support the achievement of its Corporate Plan and Service priorities. The arrangements are kept under on-going review to enable internal and external changes to be planned for, implemented and outcomes optimised.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process.	Developing the entity's capacity	<ul style="list-style-type: none"> • The Council's PMF sets out how it develops, plans and directs its capacity to support the delivery of Corporate Plan priorities and meet statutory requirements in respect of the Well-Being of Future Generations (Wales) Act 2015 and preparing for the introduction of the Local Government and Elections (Wales) Act 2021 through: <ul style="list-style-type: none"> <u>Service Self-Evaluation</u> <ul style="list-style-type: none"> ○ Completed on an annual basis (and is subject to a review, challenge and sign-off process by the Chief Executive / Senior Leadership Team) and has set out 'How services are performing', 'how do they know' and 'what are they going to do to improve', and taken account of key cross-cutting themes including Resources, Welsh Language and Equalities. ○ The outcome of the service self-evaluation process has informed Corporate Plan priority plans, service delivery plans (including identification of risk and mitigating actions) and individual performance review processes. ○ From a resource perspective, the Service Self Evaluation arrangements have informed medium to long term financial planning arrangements, for example: developing and delivering the Council's digitalisation of services and asset management arrangements; an on-going focus on sustainable social services and investment in schools; further investment in public health services informed by the impact of the pandemic and also an on-going programme of work to tackle climate change; and service specific areas such as the impact of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 Act, Flood Alleviation works and increasing the rates of recycling.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process (continued).	Developing the entity's capacity	<p><u>Corporate Assessment</u></p> <ul style="list-style-type: none"> ○ The Council's Corporate Assessment is an evaluation of the 'corporate body' of the Council and seeks to consider the extent to which corporate services are supporting the business of the Council to improve outcomes for residents and also enabling the Council to meet its statutory requirements. The last Corporate Assessment was reported in 2019 and an updated Corporate Assessment is to be reported in 2022.
Corporate Plan	Developing the entity's capacity	<ul style="list-style-type: none"> • There continued to be strong and focussed leadership from the Cabinet and Senior Leadership Team in delivering Corporate Plan priorities, in parallel with supporting communities in their on-going recovery from the pandemic, and ensuring robust planning and monitoring arrangements were in place to enable the Council to 'live within its means'. This included: completion of key projects such as a new extra care facility in Pontypridd, a new supported accommodation scheme in Mountain Ash to support maintaining people's independence and the redevelopment of Llwynypia Courthouse (Tonypany) providing over 100 people with flexible business space across a range of businesses; targeting resources in key areas such as vulnerable 5 to 14 year olds with care and support needs, helping children return to school who have increased anxiety levels as a result of the pandemic and helping people that are homeless; administering £27Million of financial support packages to residents and businesses, primarily funded by Welsh Government, to provide help and assistance during the pandemic and the cost of living crisis; and a focus on collaboration and partnership working such as via the Cardiff Capital Region City Deal. • Detailed updates on the delivery of the Council's Corporate Plan priorities were reported and scrutinised by the Council's Cabinet and Finance and Performance Scrutiny Committee on a quarterly basis during the year (see also Supporting Principles C and D).

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Workforce Plan 2017-22.	Developing the entity's capacity	<ul style="list-style-type: none"> • The Council's Workforce Plan 2017-22, set priorities that align to the Council's Corporate Plan in terms of developing a flexible and agile workforce that shares organisational knowledge; recruiting and retaining the best talent to create a diverse workforce; leadership and management development; enabling a high performing, engaged and committed workforce; and supporting health and wellbeing to maximise attendance. • Workforce planning, linked to the impact of the pandemic, has been identified as a risk within the Council's Strategic Risk Register, and updates were reported on a quarterly basis during the year as part of performance reporting arrangements. • Officers across services work closely with Human Resources and Finance officers to review and reconfigure staffing structures on an on-going basis to ensure provision aligns with need and support more efficient service delivery arrangements. In parallel, there was on-going investment in apprentices and graduates in line with service workforce requirements. • During 2021/22 staff development has been supported virtually through induction sessions, Leadership and Middle Management Development Programmes, Manager Briefings, 'Joint Cabinet and Senior Officer meetings' and a range of operational training such as health and safety, information management and dignity at work. This was supported by a Training Compendium that brought together all training available within the Council.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Programme of elected Councillor and Officer training and development.	Developing the capability of the entity's leadership and other individuals	<p><u>Elected Councillors</u></p> <ul style="list-style-type: none"> • A Member survey was undertaken in April / May 2021 to ensure the Council continued to provide appropriate support to all elected Members. Overall 42 Members provided feedback that included: <ul style="list-style-type: none"> ○ 88% indicated that a hybrid approach to committee meetings would be the preference. ○ 100% of responses indicated that Members were happy with the support provided in respect of committees, scrutiny, general member support provision, member updates and research facilities. ○ 90% were content with the level of training provided. ○ Areas for development were: an etiquette policy to ensure appropriate conduct at all committee meetings is adhered to; Member updates and ward specific updates through the Members Portal. These areas of development have been progressed during the year. • There has been continued focus on supporting the capabilities of elected Members through Personal Development Reviews, specific requests from Committees and also support provided on a 1 to 1 basis. The support arrangements have included: overview of scrutiny arrangements and roles and responsibilities; refresher code of conduct training; and Welsh Language and Treasury Management training and ICT related support (bitesize courses on Zoom / Teams training, introduction to ipad and staying safe in a virtual word and digital accessibility tools). Opportunity has also been taken to deliver training both face to face and virtually. • Work continued to develop the Members Portal and access has been provided to elected Members following the Local Government elections in May 2022. • Preparatory work was undertaken on a new Member induction programme following the local government elections in May 2022.

		<p><u>Officers</u></p> <ul style="list-style-type: none"> As set out in the 'Workforce Plan 2017-2022' section.
Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Schemes of Delegation	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> Part 3 of the Council's Constitution 'Responsibility for Functions' set out General Scheme of Delegation of Executive and Non-Executive Functions to Officers and these were kept under on-going review during the year.

5.14 Supporting Principle F: Managing risks and performance through robust internal control and strong public financial management

5.14.1 The Council's governance structures support robust financial and performance management arrangements to enable efficient and effective service planning and delivery and the achievement of outcomes. Risk management and robust internal control are integral parts of these arrangements.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Corporate and Service Self Evaluation process.	Managing risk	<ul style="list-style-type: none"> As set out in section 'Supporting Principle E'
Risk Management Strategy.	Managing risk	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Service Delivery Planning.	Managing performance	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Quarterly Performance Report (including Risk Register up dates).	Managing performance	<ul style="list-style-type: none"> As set out in section 'Supporting Principles C and D'.
Corporate Performance Report (i.e. year-end annual report).	Managing performance	<ul style="list-style-type: none"> The Council produces a year-end report that assesses the progress made to deliver Corporate Plan priorities in the previous year and also sets out its plan for the year ahead. This report was consistent with information published during the year, as part of quarterly Performance Reports, and the latest year-end report (for the 2020/21 financial year) was presented to and agreed by full Council on <u>20th October 2021</u>.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Audit Committee and an Internal Audit function.	Robust internal control	<p data-bbox="855 231 1093 261"><u>Audit Committee</u></p> <ul style="list-style-type: none"> <li data-bbox="819 272 1995 416">• The Council's GAC considered and approved an Annual Report for 2021/22 on <u>23rd March 2022</u> that provided an overview of its work during the year and a self-assessment of its arrangements against the CIPFA 2017 Practical Guidance Note. The conclusions from the Annual Report were: <ul style="list-style-type: none"> <li data-bbox="864 459 1995 560">○ From the review of the coverage of the GAC's work and oversight during the year, the Committee has delivered its Workplan and responsibilities in line with its Terms of Reference. <li data-bbox="864 603 1995 746">○ The outcome of the self-assessment demonstrated that the Council's GAC made good progress to implement the proposals for improvement reported in 2020/21 and has also identified a small number of new proposals for improvement to further reinforce the existing arrangements in place. <li data-bbox="819 790 1272 820">• Proposals for Improvement <ul style="list-style-type: none"> <li data-bbox="864 863 1995 1007">○ The GAC's Learning and Development Plan was put in place in March 2021. Using lessons learned from 2021/22, undertake a training needs analysis of Committee Members to inform a refreshed learning and development plan for 2022/23. <li data-bbox="864 1018 1995 1155">○ No on-line library of learning and development information in respect of role / responsibilities of GAC is available for elected Members. Develop a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Audit Committee and an Internal Audit function (continued).	Robust internal control	<p data-bbox="813 233 1010 264"><u>Internal Audit</u></p> <ul style="list-style-type: none"> <li data-bbox="813 312 2007 451">• A review of information presented by the Regional Internal Audit Shared Service to the GAC concluded that it was in line with the approved work programme and played a key part in enabling the Committee to fulfil its Terms of Reference. The information reported to the Committee by Internal Audit included: <ul style="list-style-type: none"> <li data-bbox="864 496 2007 560">○ The Internal Audit Charter 2021/22 that provided the Committee with information to assess the independence of the internal audit function. <li data-bbox="864 568 2007 600">○ An Internal Audit Annual Plan 2021/22 and progress updates. <li data-bbox="864 608 2007 711">○ Details of all audit assignments finalised during the year to enable the Committee to consider and gain assurance on the standard of internal control across the Council. <li data-bbox="864 719 2007 783">○ Information on the overall assessment of Internal Audit's work for 2021/22 is set out at paragraphs 5.17.4 to 5.17.7. <li data-bbox="813 831 2007 1007">• The last external assessment of the Internal Audit Service was undertaken in 2016/17 and was reported to the 20th March 2017 Audit Committee. This assessment concluded that there were no significant deviations from the Standards and the next external assessment is being planned for the 2022/23 financial year.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Information Management Plan (including General Data Protection Regulation - GDPR).	Managing Data	<ul style="list-style-type: none"> • The Council has an approved Digital Strategy 2022-26 that sets the direction to obtain maximum value from data and seeking to ensure decision making is fully informed by data driven approaches whilst providing appropriate protection around its integrity and confidentiality. • The Council had arrangements in place for technical and cyber assurance through secured accreditations to the Public Service Network and Cyber Essentials that provide assurance that the Council meets required standards for security. • With regard to the management of data, the Council continued to focus upon local, regional and national responses to the COVID-19 pandemic, in particular, effectively enabling services such Track, Trace Protect' (TTP), Community Resilience Hubs, Mass Testing & Vaccinations and supporting the Council's workforce. • The ICO investigated 8 cases in respect of the Council during 2021/22 and determined in all cases no further regulatory action was required and was satisfied with the Council's investigation of the breaches and the remedial measures identified. • With regard to GDPR, this is set out in 'Core Principle B'.
Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.	Strong public financial management	<ul style="list-style-type: none"> • The Council complied with the approved Budget and Policy Framework Procedure Rules for the 2021/22 budget setting process and was set out in the report to Cabinet on <u>28th January 2021</u>. • The Council's Finance Service and Procurement Service provided support and advice to services on the Procedure Rules and the Internal Audit Service tested compliance with the Council's Procedure Rules as part of delivering the 2021/22 Internal Audit Plan (see paragraphs 5.17.4 to 5.17.7 for the overall outcome from the work of Internal audit during 2021/22). During the year, an overview of the Council's Financial Procedure Rules was

		provided to the GAC on <u>9th November 2021</u> to support the Committee in the delivery of its <u>terms of reference</u> .
Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2021/22
Medium Term Financial Plan (MTFP)	Strong public financial management	<ul style="list-style-type: none"> • The Council updated its MTFP and was reported to Cabinet in July 2021, full Council in September 2021, the Finance and Performance Scrutiny Committee in October 2021 and the School Budget Forum in November 2021, providing opportunity for scrutiny and stakeholder understanding of the Council's forecasted financial position, risks and opportunities. • The Council's MTFP updates have consistently supported: <ul style="list-style-type: none"> ○ The identification of future forecasted budget gaps (taking account of estimated expenditure requirements and funding levels) that have accurately informed savings requirements and ensured the programme of improvement and investment was affordable. ○ An on-going assessment and public reporting and scrutiny of reserve levels (including a plan to replenish general reserve balances to the minimum level as determined by the Council's Section 151 officer over the 3-year period of the current MTFP). This approach has also enabled additional one-off investment in Corporate Plan priority areas; for 2021/22 this totalled £15.9Million and were agreed by full Council on <u>10th March 2021</u> (£9.4Million) and <u>29th September 2021</u> (£6.5Million). This additional one-off investment, along with other allocated resources, contributed to capital expenditure investment of £106Million for 2021/22 (annual capital programme investment of over £100Million delivered for each of the past 5 financial years). ○ The setting and delivery of balanced revenue budgets. <p>The consistent delivery of the above outcomes provides assurance on the robustness of the arrangements in place and a demonstrable commitment to prioritise resources to Corporate Plan areas.</p>

		<ul style="list-style-type: none"> • Audit Wales completed a ‘Financial Sustainability Assessment’ review of the Council’s arrangements and was reported to the GAC on <u>9th November 2021</u>. Key information from the report: <ul style="list-style-type: none"> ○ Overall conclusion: ‘the Council continues to be well placed to manage its financial sustainability’. ○ Two proposals for improvement: <p>‘Planning Assumptions - The Council needs to be assured that it has contingency plans in place to be able to manage less positive scenarios than it planned for in its medium-term financial planning’.</p> <p>‘Medium term financial planning – discussions are on-going about the Council’s estates, workforce and digital capabilities and these need to be formalised in the Council’s financial planning arrangements’</p> • The Council set out its response to the proposals for improvement as part of a wider progress update on Audit Wales reports issued to the Council and was presented to the GAC on <u>23rd March 2022</u>.
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Compliance with the CIPFA Financial Management Code of Practice

- 5.14.2 The CIPFA Financial Management Code (the Code) was launched in November 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 5.14.3 The Code sets the standards of financial management for local authorities and is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of a local authority;
- Manage financial resilience to meet foreseen demands on services; and
- Financially manage unexpected shocks in their financial circumstances.

5.14.4 Each local authority must demonstrate that the requirements of the Code are being satisfied, with compliance being a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team. However, the Code is not expected to be considered in isolation and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making and a holistic view is taken. In addition, whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the Code and to identify what action it may wish to take to better meet the standards that the Code sets out.

5.14.5 Full compliance is expected for the 2021-22 financial year and in its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*), CIPFA has stated that Annual Governance Statements should include the conclusions of the evaluation of compliance with the Code (incorporating any actions needed to ensure compliance with the Code) and, accordingly, this is set out in paragraph 5.14.6.

5.14.6 The Council has undertaken an assessment of its current arrangements against the Standards set out in the Code. The assessment process has demonstrated compliance with all of the standards through a robust and accountable approach to financial management alongside sound medium term financial planning arrangements that take account of the very challenging climate the Council has and will continue to operate within. The assessment process has also identified areas for improvement, to enable existing arrangements to be further enhanced, and are included in Section 6.

5.15 Supporting Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

5.15.1 Accountability within RCT is about ensuring that those making decisions and delivering services are answerable for them, with external and internal audit being integral parts of the arrangements.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).	Implementing good practice in transparency	<ul style="list-style-type: none"> As set out in section 'Core Principle B'.
Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.	Implementing good practice in transparency	<ul style="list-style-type: none"> Annual Reports were prepared and publicly reported to support accountability and open and transparent performance arrangements, for example², Corporate Parenting Board Annual Report 2020/21 (Corporate Parenting Board 12th July 2021), Equality Report 2020/21 (Overview and Scrutiny Committee 28th February 2022), Vale, Valleys and Cardiff Regional Adoption Collaborative Annual Report 2020/21 (Children and Young People Scrutiny Committee 8th December 2021) and Young Carers Annual Report 2021/22 (Corporate Parenting Board 14th March 2022).

² Annual Reports – annual reports referenced in other sections of the Annual Governance Statement, for example, the Governance and Audit Committee Annual Report, have not been noted for the purposes of this section of the document.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Statement of Accounts.	Implementing good practices in reporting	<ul style="list-style-type: none"> • The external audit of the Council's Statement of Accounts have consistently, year-on-year, received an unqualified 'true and fair' audit opinion (i.e. clean bill of health); the latest unqualified audit opinion, relating to the 2020/21 financial year, was reported to full Council on <u>29th September 2021</u>. • During 2021/22, prior to the Council's audited statement of accounts being approved by full Council, key arrangements included: <ul style="list-style-type: none"> ○ Reporting the Council's certified draft statement of accounts to the <u>12th July 2021</u> GAC meeting (alongside Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee) to provide the Committee with opportunity to comment and consider the certified draft accounts in line with the statutory guidance as per the Local Government Measure 2011. ○ The external auditor, Audit Wales, provided a verbal update on the progress of the audit of the draft Statement of Accounts to the <u>13th September 2021</u> GAC meeting. • With regard to the statement of accounts process for the 2021/22 financial: <ul style="list-style-type: none"> ○ The Council published a notice to confirm that its draft 2021/22 Statement of Accounts had not been certified by the statutory date of 31st May, this being in line with Welsh Government's extended deadline for the preparation and certification processes and in compliance with the Accounts and Audit (Wales) Regulations. ○ Governance arrangements are in place for the draft accounts to be reported to the GAC and for Audit Wales to provide an update on the progress of the external audit, prior to the final audited accounts being reported to full Council.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2021/22
Pension Fund Committee.	Implementing good practices in reporting	<ul style="list-style-type: none"> The Pension Fund Statement of Accounts 2020/21 were reported to and approved by full Council on 24th November 2021 and the outcome of the external audit, undertaken by Audit Wales, was an unqualified audit opinion (i.e. a clean audit opinion). An update was reported to the Pension Fund Committee on <u>13th December 2021</u>. A Work Programme for the 2021/22 financial year was presented to and agreed at the <u>13th July 2021</u> Pension Fund Committee and a review of reports presented during the year demonstrated delivery of the work programme.
Annual Governance Statement.	Assurance and effective accountability	<ul style="list-style-type: none"> A progress update on the 2020/21 Annual Governance Statement recommendations was reported to the <u>6th December 2021</u> GAC meeting. A year-end position statement is set out at Appendix A and demonstrates that all recommendations, and associated arrangements, had been implemented.
Internal Audit external assessment and Charter.	Assurance and effective accountability	<ul style="list-style-type: none"> As set out in 'Supporting Principle F'.

5.16 Other Key Governance Arrangements

Amgen Cymru Limited

- 5.16.1 Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.
- 5.16.2 The directors of the companies, including a non-executive director, are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 5.16.3 The Council removed the “arm’s length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the companies.
- 5.16.4 During 2021/22 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

Pension Fund

- 5.16.5 Rhondda Cynon Taf County Borough Council is the Administering Authority for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:
- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
 - Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
 - Communication Policy Statement which details the communication and information services to participating employers and scheme members;
 - Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
 - Investment Strategy Statement which details how Fund investments are managed, including the Fund’s policy on how social, environmental and corporate governance considerations are taken into account; and
 - Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
 - Pension Fund Risk Register, which identifies, prioritises and monitors risks associated with the Fund, against suitable mitigation controls.

5.16.6 All of these documents can be found at the following link: www.rctpensions.org.uk

5.16.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the governance of such

schemes. In accordance with the Act, the Council established a Local Pension Board to assist Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('Scheme Manager') in:

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

5.16.8 The Pension Board is made up of two employer representatives and two member representatives.

5.16.9 In 2016/17 the Council established a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.

5.16.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Council's Chief Finance Officer (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.

5.16.11 The Pension Fund Committee met 4 times during the 2021/22 financial year.

5.16.12 In 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In January 2018, the WPP appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Meet the Government deadlines by establishing one sub fund submission to the FCA; and
- Equitably share the costs of transitioning into sub-funds.

5.17 Other Key Sources of Assurance

5.17.1 The following other key sources of assurance were in place during the 2021/22 financial year.

Chief finance Officer (Section 151 Officer)

5.17.2 The Chief Finance Officer position within the Council during 2021/22 complied with the principles outlined in the CIPFA document 'The Role of Chief Finance Officer' because the Chief Finance Officer:

- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
- *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Led the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

To deliver these responsibilities the Chief Financial Officer:

- *Led and directed a finance function that was resourced to be fit for purpose; and*
- *Is professionally qualified and suitably experienced.*

Monitoring Officer

5.17.3 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. During the period of the Annual Governance Statement, the Monitoring Officer did not make any such reports.

Head of the Regional Internal Audit Service

5.17.4 The Head of Internal Audit has produced a Head of Internal Audit Report for 2021/22. Subject to the GAC consideration at its meeting in July 2022, the Head of Internal Audit Report states:

- *from the work undertaken during the financial year 2021/22 and taking into account other sources of assurance, 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 2021/22 is: "Reasonable Assurance".*
- *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.*

- 5.17.5 The Head of Internal Audit's Annual Report 2021/22 confirmed overall conformance to the Public Sector Internal Audit Standards. Covid-19 continued to influence how audit work was carried out in 2021/22 and all staff have worked from home and on some occasions on a hybrid basis during the year. Audits have been conducted remotely and evidence obtained digitally. Both audit staff and auditees have all continued to adjust well to the new ways of working.
- 5.17.6 The pandemic, remote working and vacant posts did have an impact on the delivery of the internal audit plan for 2021/22 and notwithstanding this, the level of Internal Audit coverage was still sufficient for the Head of Audit to be able to give an opinion. In respect of audit coverage, Internal Audit provided assurance on the processes put in place across Council services as a result of emerging risks during the year and many of the planned reviews for 2021/22 included a Covid related element in the audit scope and objectives. Audits have taken longer than usual, in particular where services have been under more pressure, or obtaining evidence has been more time consuming. Some planned reviews were not undertaken during the year, some due to requests from services that were under intense pressure. These will be considered in the 2022/23 plan.
- 5.17.7 It is likely that the service will continue to be delivered remotely for the foreseeable future with an element of office based/face to face working as required.

External Audit

- 5.17.8 Audit Wales provided updates to full Council and the GAC to enable elected Members to review and scrutinise its work and also seek assurance from Council Officers that agreed recommendations reported by Audit Wales were being implemented by Council services. Updates included:
- Full Council - overall, compliance with statutory requirements met and no significant issues to report
 - 29th September 2021 – 'Audit of Accounts Report – Rhondda Cynon Taf County Borough Council'
 - 24th November 2021 - 'Audit of Accounts Report – Rhondda Cynon Taf Pension Fund'
 - 19th January 2022 – 'Audit Wales – Annual Audit Summary 2021 (Rhondda Cynon Taf County Borough Council)'
 - Governance and Audit Committee – regular and comprehensive updates reported and feedback provided to elected Members on the actions being taken by the Council to implement recommendations reported by Audit Wales in respect of Rhondda Cynon Taf County Borough Council.
 - 26th April 2021 – 'Audit Wales – 2021 Audit Plan Rhondda Cynon Taf County Borough Council' and 'Audit Wales – 2021 Audit Plan Rhondda Cynon Taf Pension Fund'
 - 13th September 2021 - 'Audit Wales - verbal update on the progress of the audit of the Draft Statement of Accounts for 2020/21'
 - 9th November 2021 – 'Financial Sustainability of Local Government – Covid-19 Impact, Recovery and Future Challenges' and 'Audit Wales Work Programme and Timetable – Rhondda Cynon Taf County Borough Council'

- 6th December 2021 – ‘Council Progress Update: Audit Wales – Annual Audit Summary 2020’
- 7th February 2022 - ‘Audit Wales Work Programme and Timetable – Rhondda Cynon Taf County Borough Council’
- 23rd March 2022 - Council Progress Update: Audit Wales – Annual Audit Summary 2020 and Annual Audit Summary 2021’

5.17.9 The Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council’s Senior Leadership Team and the GAC.

5.18 Overall Conclusion

5.18.1 Based on the review of effectiveness against the Local Code of Corporate Governance, the Council’s governance arrangements provided the basis to effectively manage service delivery, Corporate Plan priority areas and resources, and had appropriate regard to the on-going impact of the Covid-19 pandemic.

5.18.2 This position, together with a track record of implementing proposals for improvement made within previous Annual Governance Statements, provides assurance that appropriate arrangements are in place to address the proposals for improvement set out in Section 6.

6. PROPOSALS FOR IMPROVEMENT 2021/22

6.1 Further to completing the assessment of the Council's governance arrangements, Table 1 summarises the proposals for improvement.

Table 1 – Proposals for Improvement

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
Supporting Principles: C:Defining outcomes in terms of sustainable economic, social and environmental benefits; and D: Determining the interventions necessary to optimise the achievement of the intended outcomes Paragraph 5.12.1	Corporate Plan and Service Delivery Plans	The collection and reporting of performance indicator information was necessarily paused during the pandemic due to the need to temporarily suspend some frontline service areas and / or change delivery arrangements.	For the 2022/23 financial year, the reporting of key performance indicator information should be reinstated to enable a full as picture as possible to be reported of performance.	September 2022	Service Director – Finance and Improvement Services
	Risk Management Strategy	The Council's Strategic Risk Register requires review to take account of revisions incorporated within the updated Risk Management Strategy.	The Strategic Risk Register should be reviewed and where appropriate, updated, taking into account the revisions incorporated within the updated Risk Management Strategy.	September 2022	Head of Procurement

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
<p>Supporting Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.1</p>	<p>Audit Committee and an Internal Audit function.</p>	<p>The GAC's Learning and Development Plan was put in place in March 2021.</p> <p>No on-line library of learning and development information in respect of role / responsibilities of GAC is available for elected Members.</p>	<p>Using lessons learned from 2021/22, undertake a training needs analysis of Committee Members to inform a refreshed learning and development plan for 2022/23.</p> <p>Develop a library of on-line learning and development information for Committee Members as part of learning and development support arrangements.</p>	<p>From September 2022</p> <p>From November 2022</p>	<p>Service Director – of Democratic Services and Communication</p> <p>Service Director – of Democratic Services and Communication</p>

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
<p>Supporting Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard D - The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).</p>	<p>The structure of the 2021/22 Annual Governance Statement has been revised to more clearly align with the Council's Local Code of Corporate Governance – this process has identified areas where the Local Code can be further strengthened e.g. reflecting the Council's stakeholder engagement arrangements.</p>	<p>The Council's Local Code of Corporate Governance should be reviewed and updated, and thereafter reported to the Governance and Audit Committee for consideration / approval.</p>	<p>January 2023</p>	<p>Service Director – Finance and Improvement Services</p>
<p>Supporting Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard E - The financial management style of the authority supports financial sustainability.</p>	<p>To ensure appropriate arrangements continue to be in place for elected Members and Budget Holders (Council Officers) to effectively fulfil the finance roles, a refreshed programme of training should be put in place.</p>	<p>Refresh training material and deliver a programme of Officer and elected Member financial awareness training (that includes an 'Introduction to Local Government Finance', 'Understanding the Council's Budgets' and 'Treasury Management').</p>	<p>From September 2022</p>	<p>Service Director – Finance and Improvement Services</p>

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
<p>Principle:</p> <p>F: Managing risks and performance through robust internal control and strong public financial management</p> <p>Paragraph 5.14.6</p>	<p>Compliance with the CIPFA Financial Management Code of Practice</p> <p>Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.</p>	<p>The Council's Medium Term Financial Plan covers, on a high level basis, the key areas it will focus on as part of 'balancing the budget' in future budget strategies, for example, workforce, digitisation and Built Asset Review.</p>	<p>The information included within the Medium Term Financial Plan should be developed further to set out in more detail the Council's work in the key areas that will underpin future budget strategies and how they align with its medium term financial planning arrangements (this area was also reported as a recommendation by Audit Wales in its report 'Financial Sustainability Assessment – Rhondda Cynon Taf County Borough Council').</p>	<p>September 2022</p>	<p>Director of Finance and Digital Services</p>

6.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2022/23. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Governance and Audit Committee during the year to enable elected Members to review and scrutinise the extent of progress being made.

Leader: _____

Chief Executive: _____

ANNUAL GOVERNANCE STATEMENT 2020/21 – YEAR-END POSITION STATEMENT

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	The Council's Risk Management Strategy was last reviewed and approved by Audit Committee in December 2018.	The Strategy should be reviewed and where required proposed updates reported to the Governance and Audit Committee for consideration. In addition, as part of the review, regard should be given to the findings and recommendations included within the 2020/21 Internal Audit report 'Risk Management'.	December 2021	Head of Procurement Delivery	Completed – updated Risk Management Strategy reported to and endorsed at the 23 rd March 2022 Governance and Audit Committee meeting
	Where core financial system internal audit reports are presented to Audit Committee, no separate overview of the required internal controls is provided to aid Members understanding of the area (as originally intended as part of the 2020/21 work programme)	As part of compiling the 2021/22 Governance and Audit Committee work programme, finalised internal audit assignments for core financial systems should be supplemented by a more detailed overview of the area prior to the assignment being presented to Committee. This is to aid Members understanding of the main internal control requirements for key financial systems.	From October 2021	Coordinated by the Service Director – Finance and Improvement Services	No core financial system audits completed during the year – however, arrangements have been put in place in readiness for 2022/23

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p>Although an overview of the Council's Contract Procedure Rules was presented to the Audit Committee in 2020/21, no overview of the Financial Procedure Rules was presented.</p>	<p>As part of the learning and development of Governance and Audit Committee Members, an overview of the Council's Financial Procedure Rules should be built into the 2021/22 Work Programme to support Members understanding of these requirements.</p>	November 2021	Service Director – Finance and Improvement Services	Completed – an overview of the Council's Financial Procedure Rules was presented to the 9 th November 2021 Governance and Audit Committee meeting
	<p>In addition, it was noted that a review of the information contained within both documents was not reviewed and reported to Audit Committee during 2020/21.</p>	<p>A review of the content of the Contract and Financial Procedure Rule documents should be undertaken and updates reported to the Governance and Audit Committee for consideration / approval (where deemed required).</p>	December 2021	Service Director – Finance and Improvement Services and Head of Procurement Delivery	Completed – a review of the Contract and Financial Procedure Rule documents have been undertaken and no material updates are deemed required (noting that both documents are subject to on-going review and updating)

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard C - Governance and Financial Management Style ○ No Council wide review of officer schemes of delegation has been undertaken during the past financial year. ○ Currently, progress updates in relation to Audit Wales recommendations are reported to Audit Committee annually. 	<p>Officer Schemes of Delegation should be reviewed and where required updated, approved by the Designated Officers and re-issued to post-holders.</p> <p>Updates on the progress being made by the Council to implement Audit Wales recommendations should be timetabled within the Governance and Audit Committee work programme for 2021/22 and provide a mid-year and year-end update of progress.</p>	<p>January 2022</p> <p>November 2021 / March – April 2022</p>	<p>Coordinated by the Director of Legal Services</p> <p>Director of Finance and Digital Services</p>	<p>Completed (noting that this area is subject to on-going review and updating)</p> <p>Completed – progress updates reported to the 6th December 2021 and 23rd March 2022 Governance and Audit Committee meetings</p>

Core Principle / Area	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-End Position Statement
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Compliance with the CIPFA Financial Management Code of Practice</u></p> <ul style="list-style-type: none"> • Standard G - The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members ○ The Council's forward-looking planning period covers 3 / 4 years as part of its Medium-Term Financial Plan. 	<p>As part of the Council's on-going forward planning arrangements, information on the longer-term outlook (5 years+) should be considered and relevant updates reported as appropriate.</p>	<p>March 2022</p>	<p>Director of Finance and Digital Services</p>	<p>Completed - incorporated into the Council's latest Medium Term Financial Plan 2021/22 to 2024/25 - as reported to Cabinet on 20th July 2021, full Council on 29th September 2021 and to the Finance and Performance Scrutiny Committee on 21st October 2021</p>
IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY	<p>As part of the suite of information on the Council's Governance web-age, it is noted that the Local Code of Corporate Governance was published in 2019 and has not been reviewed since this time.</p>	<p>The Council's Local Code of Corporate Governance should be reviewed and where proposed updates are deemed necessary, an updated document reported to the Council's Governance and Audit Committee for consideration / approval.</p>	<p>February 2022</p>	<p>Head of Procurement Delivery</p>	<p>Completed – noting that a further update will be actioned in 2022/23 to take account of the findings of the 2021/22 Annual Governance Statement Review of Effectiveness</p>

The independent auditor's report of the Auditor General for Wales to the members of Rhondda Cynon Taf CBC

Opinion on financial statements

I have audited the financial statements of:

- Rhondda Cynon Taf County Borough Council; and
- Rhondda Cynon Taf County Borough Council Group

for the year ended 31st March 2022 under the Public Audit (Wales) Act 2004.

Rhondda Cynon Taf County Borough Council's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Rhondda Cynon Taf County Borough Council's Group financial statements comprise the Group Expenditure and Funding Analysis, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, 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 2021-22.

In my opinion the financial statements:

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

Basis of opinion

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

Report on other requirements

Opinion on other matters

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

- The information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 15, the responsible financial officer is responsible for the preparation of the statement of accounts, Rhondda Cynon Taf County Borough Council's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Rhondda Cynon Taf County Borough 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- Enquiring of management, the Rhondda Cynon Taf County Borough Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Rhondda Cynon Taf County Borough 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: revenue recognition and posting of unusual journals.
- Obtaining an understanding of Rhondda Cynon Taf County Borough Council's framework of authority as well as other legal and regulatory frameworks that Rhondda Cynon Taf County Borough 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 Rhondda Cynon Taf County Borough Council and group.

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 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 Rhondda Cynon Taf County Borough 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. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Rhondda Cynon Taf County Borough 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
[Date]

24 Cathedral Road
Cardiff
CF11 9LJ

Glossary of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure relating to the accounting period, which had not actually been received or paid as at the date of the Balance Sheet.

Actuary

An actuary is an individual or organisation that calculates insurance premiums and liabilities and pension obligations.

Acquisition method

This method recognises on a line-by-line basis the assets, liabilities, reserves and revenue of the company that is being consolidated.

Agent

An Agent is where the Council is acting as an intermediary.

Amortisation

Charges to revenue for the estimated reduction in the value of an intangible asset.

Audit

An audit is an independent examination of activities.

Budget

A budget (or estimate) is a plan of income and spending, based upon which Council Tax is set. Actual expenditure is subsequently monitored against this plan.

Capital Expenditure

Capital expenditure is spending on long-term assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Receipt

Capital receipts are proceeds from the sale of long-term assets such as land or buildings.

CCRC – Cardiff Capital Region City Deal

The Cardiff Capital Region within the City Deal is comprised of 10 local authorities; Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and the Vale of Glamorgan.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is responsible for issuing financial guidance to public bodies.

Creditor

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

Current Assets

These are short-term assets that are available for the Council to use in the following accounting period.

Current Liabilities

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

Debtor

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

Debt Management Office (DMO)

The DMO is an Executive Agency of Her Majesty's Treasury. Its responsibilities include debt and cash management for the UK Government, lending to Local Authorities and managing certain public sector funds.

Defined Benefit Scheme

A defined benefit pension scheme is one that bases retirement benefits upon Career Average Re-Valued Earnings.

Defined Contribution Scheme

A defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Benefits are based on the amounts credited to these accounts (through employer contributions and, if applicable, employee contributions) plus any investment earnings. Only employer contributions to the account are guaranteed, not the future benefits.

Delegated Schools

A delegated school is one managed independently by its Governing Body. The funds of these schools are held outside of the Council Fund balances.

Depreciated Historic Cost (DHC)

Depreciated Historic Cost is obtained by recording the purchase price of an asset and reducing the value over its useful economic life.

Depreciated Replacement Cost (DRC)

DRC is an estimation of the market value for existing use plus current gross replacement costs less allowances for deterioration.

Depreciation

Depreciation is the estimated loss in value of tangible long-term assets that are presented in the Balance Sheet.

Earmarked Reserves

These are reserves set aside for a specific purpose.

Fair Value Hierarchy

Level 1 – Assets and liabilities at level 1 are those where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Assets and liabilities at level 2 are those where quoted market prices are not available.

Level 3 – Assets and liabilities at level 3 are those with valuations derived from unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Impairment

Impairment occurs when the value of a long-term asset falls below the value it is currently held at in the Balance Sheet and Asset Register.

International Accounting Standard (IAS)

Financial Regulations to be followed as set by the International Accounting Standards Board (IASB).

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are produced by the IASB (International Accounting Standards Board) with the aim of ensuring consistency within the countries adopting the standards.

Inventories

Inventories are raw materials purchased for day-to-day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the Balance Sheet.

Leasing

This is a method of financing expenditure by paying the owner to use property or equipment for a number of years.

Lessee

User or renter of the leased asset or property. In case of capital leases, the lessee is also the 'debtor' to the lessor.

Lessor

Owner or the title holder of the leased asset or property. The lessor is also the lender and secured party in case of capital leases and operating leases.

Liability

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

Long-Term Asset

These are assets that are used in the provision of services (usually for more than one year).

Minimum Revenue Provision (MRP)

MRP is a charge against revenue resources representing a repayment of debt. It is a method of paying for Capital Expenditure which was funded by borrowing.

Modern Equivalent Valuation (MEV)

Modern Equivalent Valuation is a method of valuation that calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life.

Non-Domestic Rates (NDR)

The NDR, or Business Rate, is the charge to occupiers of business premises. NDR is set by central government and is a percentage of rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non-Recurring Fair Values

These relate to assets that are measured at fair value due to particular circumstances. The assets which meet the criteria for assets held for sale are valued at the lower of non-recurring value less cost to sell, and its carrying value.

Operating Leases

These are leases where risks of ownership of the asset remain with the owner.

Post Balance Sheet Events

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the understanding of the accounts.

Precepts

This is the amount paid to a non-rating body (for example a community council).

Principal

An entity is acting as a Principal when it has control of the goods and services it is providing.

Prior Year Adjustment

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors.

Projected Unit Method

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service.

Provision

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

Public Works Loan Board (PWLB)

This is a Government agency that provides loans to local authorities for periods between 1 and 50 years.

Recurring Fair Value

These relate to assets that are measured at the end of each accounting period, within the rolling programme of valuations.

Related Party

A related party exists where there is control or influence by one party over another.

Royal Institute of Chartered Surveyors (RICS) Red Book

RICS is a professional body enforcing the highest standards in valuations. The “Red Book” contains mandatory rules and best practice guidance on these valuations.

Soft Loans

A soft loan is loan taken at an interest rate below the market rate.

South East Wales Corporate Joint Committee (SEWCJC)

This is a Corporate Joint Committee set up with the existing governance arrangements as CCRCD.

Strain on Funds

When an employee retires early and is immediately paid a pension, without actuarial reduction, the lost contribution income and interest cost arising from the associated earlier increased cash flow is referred to as pension strain cost. The pension strain cost is determined by actuarial calculation.

Sub Lease

A sub-lease is a lease between a tenant who already holds a lease to a commercial space or property and someone (the sub-lessee) who wants to use part or all of the tenant's space. The tenant is deemed to be a sub-lessor.

Trust Fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Voluntary Aided School

Voluntary aided schools are mainly religious or faith schools, although anyone can apply for a place. The governing body employs the staff and sets admissions criteria. School land and buildings are normally owned by a charitable foundation, often a religious organisation, and the governing body contributes to building and maintenance costs.

Voluntary Controlled School

Voluntary controlled schools are similar to voluntary aided schools, but are run by the local authority. The local authority employs the school's staff and sets the admissions criteria. School land and buildings are normally owned by a charity, often a religious organisation, which also appoints some of the members of the governing body.

Welsh Government (WG)

The Welsh Government is the devolved Government for Wales. The Welsh Government consists of the First Minister, Welsh Ministers, the Counsel General and Deputy Ministers. They are supported by Civil Servants who work across devolved areas of public life such as health, education and the environment.