



Statement of  
Accounts  
2022/23



**Rhondda Cynon Taf County Borough Council  
Statement of Accounts 2022/23**

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## Narrative Report

### 1. Introduction

Rhondda Cynon Taf is the third largest Council in Wales with a population of 237,497 (2021 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 2022/23 have been prepared in accordance with:

- Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards (IFRS).
- Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 1 to 172 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 2022/23 is set in the context of the on-going recovery from Covid-19 and cost-of-living crisis, both of which contributed to significant increases in demand and cost pressures across a number of services. 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 Welsh Government Covid-19 Hardship Fund ceased from 1<sup>st</sup> April 2022, with the requirement for local authorities to manage any on-going service and financial implications from resources provided in the Local Government Settlement. Exceptions to this were on-going support during the year for Holiday Free School Meal provision, Self-Isolation payments and Statutory Sick-Pay Enhancement Scheme, together with reimbursement for costs incurred in respect of Test, Trace, Protect arrangements and Vaccination Centres.

Welsh Government also announced in March 2022 a package of measures to provide support as Wales recovered from the pandemic and support households to deal with the impact of increasing energy and other costs. This included, at an all Wales level, £152m to provide a £150 cost-of-living payment to eligible households and £25m to provide discretionary support for other purposes relating to living costs. Rhondda Cynon Taf Council agreed implementation arrangements to deliver a package of support on behalf of Welsh Government on 24th March 2022 for Rhondda Cynon Taf residents, with payments made in 2022/23. Alongside this, the Council also delivered the Welsh Government Fuel Support Scheme in autumn 2022 to Rhondda Cynon Taf residents.

The above-mentioned funding made available to Rhondda Cynon Taf in 2022/23, like all local authorities in Wales, was to administer financial support to local

residents on behalf of Welsh Government. In terms of accounting arrangements, a risk-based criteria has been 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
Cost-of-Living (Main Scheme)	13.304	Agent
Cost-of-Living (Discretionary Scheme) including Local Cost of Living - Supplementary (Discretionary) Scheme	4.735	Principal
Free School Meals	3.304	Principal
SSP Enhancement	0.116	Agent
SSP Enhancement (Admin)	0.002	Principal
Energy Bill Support Scheme	0.028	Agent
Winter Fuel Support Scheme Payments	6.300	Agent
Winter Fuel Support Scheme Payments - Admin Fee	0.205	Principal
Self Isolation Payments	1.027	Agent
Self Isolation Payments (Admin)	0.103	Principal
Test, Trace, Protect	3.066	Principal

In addition to the Welsh Government support, Rhondda Cynon Taf Council also agreed a package of measures on 6th September 2022, called Local Cost of Living – Supplementary (Discretionary) Scheme, this being funded by the Council and provided further support to residents of the County Borough with the on-going and escalating cost of living crisis.

## **2.2 The Council's Response to Extreme Weather**

A Strategic Flood Risk Board for Rhondda Cynon Taf was in place during the year chaired by the Council's Leader and comprising representatives from the Council, Natural Resources Wales and Welsh Government. The Board provided the direction to implement the recommendations set out in the 18<sup>th</sup> December 2020 Cabinet Report "Review of the Council's response to Storm Dennis".

An action plan was put in place to manage and monitor the implementation of the agreed recommendations, with progress updates incorporated into the Council's quarterly Performance Reports; these being reported to the Council's Cabinet and thereafter scrutinised by the Overview and Scrutiny Committee during the year. As at March 2023, all actions were completed or built into on-going service delivery arrangements.

The focus of the work during 2022/23, supported by additional Welsh Government and Council investment, delivered technology and infrastructure improvements to prevent and minimise the impact from flood events, this being

underpinned by strong collaborative working with partners to manage and mitigate risks and increased involvement of residents and communities whose voices have helped to shape the Council's work and future plans. Management, adaptation and mitigation of flood risk remains a priority for the Council and the response to extreme weather events will remain on the Council's Strategic Risk Register.

### **3. Impact of Economic Climate**

On the 1<sup>st</sup> March 2022, the Minister for Finance and Local Government (Rebecca Evans MS) announced the 2022/23 Local Government Settlement. This included an overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates funding of 9.4%, with an increase for Rhondda Cynon Taf of 8.4%. 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 Deputy Chief Executive/Group Director – Finance, Digital and Frontline 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.

### **4. Medium Term Financial Plan 2022/23 to 2025/26**

The Council's latest Medium Term Financial Plan 2022/23 to 2025/26 was reported to full Council on 28<sup>th</sup> September 2022 and set out that medium term financial planning is the cornerstone of good governance and is an enabler of service delivery and service improvement within the constraints of available resources. The Plan also set out the wider operational context, in that the public sector has faced a prolonged period of real term reductions in funding levels for a number of years and, from a local government context, unprecedented challenges lie ahead for services across the sector due to the on-going impacts of services recovering from the pandemic, the cost-of-living crisis and increasing demand and costs associated with many services, in particular social care services.

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 Schools, Social Care settings, Town Centres, Roads and Parks and Play Areas, and, on an organisational wide basis, an on-going programme of work to deliver the Council's climate change goals.



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 2022/23 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 2022/23, 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 Overview and Scrutiny Committee for review and challenge on 17<sup>th</sup> July 2023.

The Council also published a 'Corporate Performance Report Self-Assessment Summary 2021/22' in January 2023, following review by the Governance and Audit Committee and in line with the new requirement of the Local Government and Election (Wales) Act 2021 for each Council in Wales to keep under review the extent to which it is meeting the performance requirements of: exercising its functions effectively; using resources economically, efficiently and effectively; and governance is effective for securing the aforementioned requirements. The Corporate Performance Report Self-Assessment Summary 2021/22 also set out the Council's work to meet the requirements of the Well-Being of Future Generations Act sustainable development principle.

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 workstreams, 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:

- Town Centre regeneration and supporting local businesses;
- 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, transport infrastructure and community assets such as parks and playgrounds; and
- A programme of flood alleviation works and projects to tackle climate change.

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. During 2022/23, work was undertaken to bring together the Cwm Taf and Bridgend Public Services Boards, to form the Cwm Taf Morgannwg Public Services Board. Alongside this, a new Well-being Plan for the period 2023 – 2028 was drafted, subject to scrutiny by elected Members and approved by Rhondda Cynon Taf Council, as one of the statutory partners, on 29th March 2023.

The Cwm Taf Morgannwg Well-being Objectives 2023 – 2028 are:

- Healthy local neighbourhoods; and
- Sustainable and resilient local neighbourhoods.

The objectives set out in the Council's Corporate Plan and the Cwm Taf Morgannwg Well-being Plan will help the Council and Cwm Taf Morgannwg 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 2022/23, 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 2022/23**

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 2022/23 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; Additional Learning Needs; Education Other than At School; School Admissions and Governance; Early Years Services; Attendance and Wellbeing; 21<sup>st</sup> 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 2022/23. Further details were published on the Council’s website within the year-end Performance Report for 2022/23.

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	35,078	34,815	(263)
Community & Children's Services	181,078	181,422	344
Education & Inclusion Services	207,676	207,768	92
Prosperity, Development & Frontline Services	64,007	63,964	(43)
<b>Total</b>	<b>487,839</b>	<b>487,969</b>	<b>130</b>
Authority Wide Budgets	78,953	78,875	(78)
<b>Total</b>	<b>566,792</b>	<b>566,844</b>	<b>52</b>

	£'000
<b>Council Fund Reserves as at 31st March 2022</b>	<b>(10,292)</b>
Revenue Budget Out-turn (Variance as above)	52
<b>Council Fund Reserves as at 31st March 2023</b>	<b>(10,240)</b>

Expenditure on services amounted to £898m and this can be analysed over the following expenditure categories:

Type of Expenditure	£'m	%
Employees	428	48
Premises	33	4
Transport	25	3
Supplies and Services	87	10
Payments to Third Parties	164	18
Transfer Payments	84	9
Capital Charges	74	8
Other Operating Costs (e.g. Support Services)	3	0
<b>Total Gross Expenditure</b>	<b>898</b>	<b>100</b>

Income during the year totalled £964m and came from the following sources:

Income Analysis	£'m	%
Direct Service Income		
Specific Grants	197	20
Sales, Fees & Charges	41	4
Other Income	44	5
<b>Sub-Total Direct Service Income</b>	<b>282</b>	<b>29</b>
Other Income		
Council Tax	149	15
Non-Domestic Rates	85	9
Non-Ringfenced Government Grants	359	37
Capital Grants and Contributions	82	9
Other	7	1
<b>Total Income</b>	<b>964</b>	<b>100</b>

**8. Capital Expenditure and Income 2022/23**

During the year the Council incurred £135.095m of capital expenditure, as summarised below:

<b>Group</b>	<b>£'000</b>
Chief Executive	3,475
Prosperity, Development & Frontline Services	73,573
Community & Children's Services	4,091
Education & Inclusion Services	53,956
<b>Total</b>	<b>135,095</b>

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

<b>Capital Expenditure</b>	<b>£'000</b>
Tangible Long-Term Assets	116,956
Intangible Long-Term Assets	3,296
Revenue Expenditure Funded from Capital under Statute	14,843
<b>Total</b>	<b>135,095</b>

This expenditure was financed as follows:

<b>Capital Financing</b>	<b>£'000</b>
Revenue Funding	23,724
Capital Development Fund	2,661
Capital Receipts	934
Borrowing	15,606
Grants	89,202
Third Party Contributions	2,968
<b>Total</b>	<b>135,095</b>

Significant expenditure was incurred on:

- Disabled Facilities Grants/Adaptations (DFG);
- Fleet Vehicles;
- Highways and structures improvements;
- Porth Interchange Metro (transport hub);
- Robertstown Development;
- Storm Dennis Flood Recovery;
- Valleys Taskforce RCT and Empty Homes;
- New schools and modernisation of existing schools, for example, Bryncelynnog Comprehensive School modernisation;
- Drainage improvements; and
- Carbon Reduction Programme.

## 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 2023 - 2025 agreed by Council in March 2023 is as follows:

<b>Group Expenditure</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive	3,785	2,435	2,435	<b>8,655</b>
Prosperity, Development & Frontline Services	67,702	35,425	8,455	<b>111,582</b>
Education & Inclusion Services	38,368	11,619	2,875	<b>52,862</b>
Community & Children's Services	10,887	2,719	615	<b>14,221</b>
<b>Total</b>	<b>120,742</b>	<b>52,198</b>	<b>14,380</b>	<b>187,320</b>

Estimated resources required to fund the future Capital Programme are:

<b>Estimated Resources Required to Fund Capital Programme</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Supported Borrowing	6,850	6,850	6,850	<b>20,550</b>
Unsupported Borrowing	12,762	8,692	0	<b>21,454</b>
Capital Grants	59,356	27,857	7,036	<b>94,249</b>
Third Party Contributions	57	0	0	<b>57</b>
General Fund Capital Resources	13,831	1,044	294	<b>15,169</b>
Revenue Contributions	27,886	7,755	200	<b>35,841</b>
<b>Total</b>	<b>120,742</b>	<b>52,198</b>	<b>14,380</b>	<b>187,320</b>

As at 31<sup>st</sup> March 2023, major capital commitments over the next three years (per the Capital Programme 2022-2025) include the following schemes:



<b>Scheme</b>	<b>£'000</b>
UK Government Shared Prosperity Fund	16,690
Disabled Facilities Grants/Adaptations (DFG)	9,625
Highways Improvements	6,800
Transportation Infrastructure	24,178
Storm Dennis Flood Recovery	20,109
New Welsh Medium Primary School Rhydyfelin	5,546
3-16 Hawthorn School Modernisation	18,669
Bryncelynnog Comprehensive School Modernisation	8,996
Modernisation Programme (Adults)	6,672

A summary of the Council's revenue budget for 2023/24 (agreed in March 2023) is outlined below:

<b>Service Area</b>	<b>£'000</b>
Authority Wide	75,298
Individual Schools Budget	186,976
Community & Children's Services	202,840
Prosperity, Development and Frontline Services	71,176
Chief Executive	37,975
Education & Inclusion Services	35,690
<b>Total</b>	<b>609,955</b>

## 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 £530.0m and was subsequently updated to £612.4m in line with the Council approval of 9<sup>th</sup> March 2022 in respect of the funding arrangements for Transport (Rail) Infrastructure works.

The Council's actual borrowing totals £376.2m, of which £366.2m is long-term and £10m is short-term. This external borrowing is from the Public Works Loan Board (PWLB) £208.3m, Welsh Government repayable funding £82.4m, £85.5m from market loans and other sources. These borrowing figures do not match the Balance Sheet as the figures in the Statement of Accounts include the adjustment for fair value, as required by the Code of Practice.

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 9<sup>th</sup> March 2022 for the 2022/23 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:

	<b>£'000</b>
Net Assets excluding Pensions Reserve	1,193,090
Net Assets as per Balance Sheet	1,066,139

## 12. **Cardiff Capital Region City Deal (CCRCD)**

On 15<sup>th</sup> 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.

Further to the 20<sup>th</sup> September 2021 Cardiff Capital Region Cabinet meeting agreeing to transition CCR’s existing operational and delivery model into a single corporate body, the South East Wales Corporate Joint Committee (SEWCJC), work continued during 2022/23 to progress the transition and this will be an on-going process throughout 2023/24.

The Cardiff Capital Region Cabinet agreed the 2023/24 revenue budget on 30<sup>th</sup> January 2023 and also a Regional Economic and Industrial Plan 2023 – 2028 to support service delivery and sustainable arrangements for the future, and, on the 27<sup>th</sup> March 2023, the Cardiff Capital Region Cabinet met and reviewed, amongst other things, the ‘2022/23 Annual Business Plan – Quarter 3 Performance Report’. This set out investment committed to date, achievements during the year and project delivery such as the Compound Semi-Conductor Foundry; Metro Plus Schemes, for example Porth Interchange; Metro Central, redevelopment of Cardiff Central Station; Housing Investment Fund; and the former Aberthaw Power station project.

For 2022/23 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 25<sup>th</sup> 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 Deputy Chief Executive/Group Director – Finance, Digital & Frontline 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 Deputy Chief Executive/Group Director – Finance, Digital & Frontline 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 Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services on the Accounts of Rhondda Cynon Taf CBC for 2022/23**

I certify that the accounts present a true and fair view of the financial position of Rhondda Cynon Taf CBC as at 31<sup>st</sup> March 2023 and its income and expenditure for the year.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Barrie Davies**  
**Deputy Chief Executive/Group Director – Finance, Digital & Frontline 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 31<sup>st</sup> 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
<b>Notes:</b>	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
<b>Balance at 1<sup>st</sup> April 2021</b>	8,505	76,829	73,791	12,035	3,954	32,363	185	<b>207,662</b>	17,813	<b>225,475</b>
<b>Movement in reserves during 2021/22:</b>										
Total Comprehensive Income and Expenditure	57,449	0	684	0	0	0	0	<b>58,133</b>	213,853	<b>271,986</b>
<b>Adjustments between accounting basis and funding under regulations:</b>										
<b>Adjustments primarily involving the Capital Adjustment Account:</b>										
<b>Reversal of items debited/credited to CI&amp;ES:</b>										
Charges for depreciation and impairment of long-term assets	3,688	0	94	0	0	0	0	<b>3,782</b>	(3,782)	<b>0</b>
Revaluation losses on property, plant & equipment	33,205	0	1,094	0	0	0	0	<b>34,299</b>	(34,299)	<b>0</b>
Movement in the fair value of Investment Properties	610	0	114	0	0	0	0	<b>724</b>	(724)	<b>0</b>
Capital Grants and Contributions applied	0	0	(603)	0	0	0	0	<b>(603)</b>	603	<b>0</b>
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Amortisation of intangible assets	1,582	0	0	0	0	0	0	<b>1,582</b>	(1,582)	<b>0</b>
Movement in the Donated Assets Account	(1,020)	0	0	0	0	0	0	<b>(1,020)</b>	1,020	<b>0</b>
Revenue expenditure funded from capital under statute	13,425	0	0	0	0	0	0	<b>13,425</b>	(13,425)	<b>0</b>

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
<b>Insertion of items not debited/ credited to CI&amp;ES:</b>											
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
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>											
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	0	0	0	0	0	(76,256)	0	(76,256)	76,256	0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>											
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
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>											
Amount by which finance costs charged to the CI&ES are different from finance	(90)	0	0	0	0	0	0	0	(90)	91	1
<b>Adjustments involving the Pensions Reserve:</b>											
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
<i>Continued Overleaf...</i>											

Employer's pensions contributions and direct payments to pensioners payable in	(37,170)	0	(62)	0	0	0	0	(37,232)	37,232	0
<b>Adjustment involving the Accumulated Absences Account:</b>										
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	940	(939)	1
<b>Other adjustments include:</b>										
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
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	56,458	0	1,791	0	1,502	5,612	0	65,363	206,625	271,988
<b>Transfers to or from Earmarked Reserves</b>	(54,671)	9,108	36,840	8,526	213	0	(16)	0	0	0
<b>Increase or (decrease) in the year</b>	1,787	9,108	38,631	8,526	1,715	5,612	(16)	65,363	206,625	271,988
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>10,292</b>	<b>85,937</b>	<b>112,422</b>	<b>20,561</b>	<b>5,669</b>	<b>37,975</b>	<b>169</b>	<b>273,025</b>	<b>224,438</b>	<b>497,463</b>



Movement in Reserves Statement for the year ended 31<sup>st</sup> March 2023

	Council Fund Balance	Capital and Investment / Infrastructure	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
<b>Notes:</b>	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
<b>Balance at 1<sup>st</sup> April 2022</b>	10,292	85,937	112,422	20,561	5,669	37,975	169	<b>273,025</b>	224,438	<b>497,463</b>
<b>Movement in reserves during 2022/23:</b>										
Total Comprehensive Income and Expenditure	(4,484)	0	4,137	0	0	0	0	<b>(347)</b>	569,025	<b>568,678</b>
<b>Adjustments between accounting basis and funding under regulations:</b>										
<b>Adjustments primarily involving the Capital Adjustment Account:</b>										
<b>Reversal of items debited/credited to CI&amp;ES:</b>										
Charges for depreciation and impairment of long-term assets	38,702	0	0	0	0	0	0	<b>38,702</b>	(38,702)	<b>0</b>
Revaluation losses on property, plant & equipment	15,574	0	0	0	0	0	0	<b>15,574</b>	(15,574)	<b>0</b>
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Capital Grants and Contributions applied	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Amortisation of intangible assets	2,256	0	0	0	0	0	0	<b>2,256</b>	(2,256)	<b>0</b>
	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Movement in the Donated Assets Account										
Revenue expenditure funded from capital under statute	14,843	0	0	0	0	0	0	<b>14,843</b>	(14,843)	<b>0</b>

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	0	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited/ credited to CI&amp;ES:</b>											
Statutory provision for the financing of capital investment	(15,115)	0	0	0	0	0	0	0	(15,115)	15,115	0
Capital expenditure charged against the Council Fund Balances	(26,386)	0	0	0	0	0	0	0	(26,386)	26,386	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>											
Capital grants and contributions unapplied credited to CI&ES	(87,736)	0	0	0	0	87,736	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(92,170)	0	0	(92,170)	92,170	0
<b>Adjustments involving the Capital Receipts Reserve:</b>											
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(3,960)	0	0	0	5,036	0	0	0	1,076	(1,076)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(934)	0	0	0	(934)	934	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	12	0	0	0	12	(12)	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>											
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(94)	0	0	0	0	0	0	0	(94)	94	0
<b>Adjustments involving the Pensions Reserve:</b>											
Reversal of items relating to retirement benefits debited or credited to the CI&ES	101,190	0	504	0	0	0	0	0	101,694	(101,694)	0

Continued Overleaf...

Employer's pensions contributions and direct payments to pensioners payable in the year	(42,260)	0	(75)	0	0	0	0	(42,335)	42,335	0
<b>Adjustment involving the Accumulated Absences Account:</b>										
Amount by which officer remuneration charged to the CI&ES on an accruals	2,661	0	1	0	0	0	0	2,662	(2,664)	(2)
<b>Other adjustments include:</b>										
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
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(4,809)	0	4,567	0	4,114	(4,434)	0	(562)	569,238	568,676
<b>Transfers to or from Earmarked Reserves</b>	4,757	19,188	(22,640)	(5,313)	875	0	68	0	3,065	3,065
<b>Increase or (decrease) in the year</b>	(52)	19,188	(18,073)	(5,313)	4,989	(4,434)	68	(3,627)	572,303	568,676
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>10,240</b>	<b>105,125</b>	<b>94,349</b>	<b>15,248</b>	<b>10,658</b>	<b>33,541</b>	<b>237</b>	<b>269,398</b>	<b>796,741</b>	<b>1,066,139</b>

## **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  
31<sup>st</sup> March 2023**

2021/22				Note:	2022/23		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
118,864	(32,872)	85,992	Prosperity, Development & Frontline Services		126,480	(26,069)	100,411
54,336	(11,847)	42,489	Chief Executive		62,520	(9,488)	53,032
274,712	(71,802)	202,910	Education & Inclusion Services		304,109	(66,459)	237,650
292,105	(110,540)	181,565	Community & Children's Services		314,606	(116,097)	198,509
90,523	(90,493)	30	Authority Wide Budgets		84,654	(58,532)	26,122
2,478	(2,413)	65	Joint Committees		5,265	(5,152)	113
<b>833,018</b>	<b>(319,967)</b>	<b>513,051</b>	<b>Cost of Services</b>		<b>897,634</b>	<b>(281,797)</b>	<b>615,837</b>
			<b>Other Operating Expenditure</b>				
24,316	0	24,316	Precepts	29.3	25,852	0	25,852
12,901	0	12,901	Levies	29.3	13,326	0	13,326
0	(319)	(319)	(Gains) or Losses on Disposal of Non-Current Assets		0	(3,960)	(3,960)
			<b>Financing and Investment Income and Expenditure</b>				
11,171	0	11,171	Interest Payable and Similar Charges	7.2	10,938	0	10,938
14,491	0	14,491	Net Interest on Net Defined Liability	33.2	15,770	(7)	15,763
0	(640)	(640)	Interest Receivable and Similar Income	7.2	0	(1,645)	(1,645)
628	(324)	304	Income, Expenditure and Changes in the Fair Value of Investment Properties		380	(324)	56
			<b>Taxation and Non-Specific Grant Income</b>				
0	(146,388)	(146,388)	Council Tax Income	26.0	0	(148,917)	(148,917)
0	(79,250)	(79,250)	NDR Distribution	25.0	0	(85,619)	(85,619)
0	(333,966)	(333,966)	Non-Ringfenced Government Grants		0	(359,489)	(359,489)
0	(73,881)	(73,881)	Capital Grants and Contributions		0	(81,770)	(81,770)
77	0	77	Corporation Tax - Joint Committees		0	(25)	(25)
<b>896,602</b>	<b>(954,735)</b>	<b>(58,133)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>963,900</b>	<b>(963,553)</b>	<b>347</b>
7,646	(56,720)	(49,074)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		7,907	(39,564)	(31,657)
0	(164,779)	(164,779)	Remeasurement of the Net Defined Benefit Liability		0	(537,368)	(537,368)
<b>7,646</b>	<b>(221,499)</b>	<b>(213,853)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>7,907</b>	<b>(576,932)</b>	<b>(569,025)</b>
<b>904,248</b>	<b>(1,176,234)</b>	<b>(271,986)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>971,807</b>	<b>(1,540,485)</b>	<b>(568,678)</b>

## **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 31<sup>st</sup> March 2023

31/03/2022 Restated			31/03/23		
	£'000		Note:	£'000	£'000
	<b>Long-Term Assets</b>	Property, Plant & Equipment:	6.0		
765,911		Other Land & Buildings		812,656	
526,504		Infrastructure		551,824	
15,129		Vehicles, Plant & Equipment		15,719	
5,011		Community Assets		5,055	
15,832		Assets Under Construction		37,150	
145		Heritage Assets		145	
7,546		Investment Properties		13,009	
230		Defined Benefit Pension Scheme Asset		1,599	
3,475		Long-Term Intangible Assets		4,516	
2,515		Long-Term Investments	7.1	3,492	
3,032		Investment in Subsidiaries		3,045	
7,122		Long-Term Debtors		5,819	
<b>1,352,452</b>		<b>TOTAL LONG-TERM ASSETS</b>			<b>1,454,029</b>
		<b>Current Assets</b>	Short-Term Investments	7.1	162,071
133,870	Assets Held for Sale			664	
1,196	Inventories			1,380	
1,443	Short-Term Debtors		8.0	119,240	
146,188	Cash and Cash Equivalents		9.0	0	
3,020	<b>TOTAL CURRENT ASSETS</b>			<b>283,355</b>	
<b>285,717</b>					
	<b>Current Liabilities</b>	Cash and Cash Equivalents	9.0	(14,840)	
0		Short-Term Borrowing	7.1	(13,604)	
(19,156)		Short-Term Provisions	11.0	(1,457)	
(1,508)		Short-Term Creditors	10.0	(132,473)	
(127,940)	<b>TOTAL CURRENT LIABILITIES</b>			<b>(162,374)</b>	
<b>(148,604)</b>					
	<b>Long-Term Liabilities</b>	Long-Term Creditors	10.0	(42,861)	
(7,416)		Long-Term Provisions	11.0	(3,019)	
(3,439)		Capital Grants Receipts in Advance		0	
(1,798)		Long-Term Borrowing	7.1	(333,709)	
(373,531)		Other Long-Term Liabilities	12.0	(129,159)	
(605,795)	Long-Term Donated Assets Account		(123)		
(123)	<b>TOTAL LONG-TERM LIABILITIES</b>			<b>(508,871)</b>	
<b>(992,102)</b>					
<b>497,463</b>	<b>NET ASSETS</b>			<b>1,066,139</b>	

Continued Overleaf...

10,292	<b>Usable Reserves</b>	Council Fund Balance	13.1	10,240	
		Earmarked Reserves:	13.2		
95,334		Capital and Investment / Infrastructure	13.2	105,125	
103,025		Other Revenue Related Reserves	13.2	94,349	
20,561		Delegated Schools Reserve	13.3	15,248	
5,669		Usable Capital Receipts Reserve	13.4	10,658	
37,975		Capital Grant Unapplied Account	13.5	33,541	
169		MGCC Insurance Reserve		237	
<b>273,025</b>		<b>TOTAL USABLE RESERVES</b>			<b>269,398</b>
249,240	<b>Unusable Reserves</b>	Revaluation Reserve	14.1	272,428	
592,201		Capital Adjustment Account	14.2	665,876	
(5,308)		Financial Instruments Adjustment Account	14.3	(5,214)	
(604,960)		Pensions Reserve	14.4	(126,951)	
(6,735)		Short-Term Accumulating Compensated Absence Account		(9,398)	
<b>224,438</b>		<b>TOTAL UNUSABLE RESERVES</b>			<b>796,741</b>
<b>497,463</b>	<b>TOTAL RESERVES</b>				<b>1,066,139</b>

During 2022/23 the Earmarked Reserves were re-categorised into different groups, with Treasury and Insurance reserves moved into other revenue related and Investment / Infrastructure amalgamated with Capital.



## **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 2022/23

2021/22 £'000		Note:	2022/23	
			£'000	£'000
(58,133)	Net (Surplus) or Deficit on the Provision of Services		347	
(90,523)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	15.0	(195,930)	
75,596	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	16.0	87,693	
<b>(73,060)</b>	<b>Net Cash Flows from Operating Activities</b>			<b>(107,890)</b>
141,460	Investing Activities	18.0	74,075	
(58,981)	Financing Activities	19.0	15,956	90,030
<b>9,419</b>	<b>Net Increase or Decrease in Cash or Cash Equivalents</b>			<b>(17,860)</b>
(6,399)	Cash and Cash Equivalents at the Beginning of the Reporting Period	9.0		3,020
<b>3,020</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	9.0		<b>(14,840)</b>

## **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 31<sup>st</sup> 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	26,618	85,992
Chief Executive	31,431	11,059	42,490
Education & Inclusion Services	195,435	7,474	202,909
Community & Children's Services	168,589	12,976	181,565
Authority Wide Budgets	73,297	(73,267)	30
Joint Committees	0	65	65
<b>Cost of Services</b>	<b>528,126</b>	<b>(15,075)</b>	<b>513,051</b>
<b>Other Income and Expenditure</b>	<b>(529,913)</b>	<b>(41,271)</b>	<b>(571,184)</b>
<b>(Surplus) or Deficit</b>	<b>(1,787)</b>	<b>(56,346)</b>	<b>(58,133)</b>
Opening Council Fund at 31 <sup>st</sup> March 2021	(8,505)		
Less (Surplus) Deficit on Council Fund in Year	(1,787)		
<b>Closing Council Fund at 31<sup>st</sup> March 2022</b>	<b>(10,292)</b>		

**Expenditure and Funding Analysis Statement for the year ended 31<sup>st</sup> March 2023**

	2022/23		
	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	63,965	36,446	100,411
Chief Executive	34,814	18,218	53,032
Education & Inclusion Services	207,767	29,883	237,650
Community & Children's Services	181,422	17,087	198,509
Authority Wide Budgets	80,634	(54,512)	26,122
Joint Committees	0	259	259
<b>Cost of Services</b>	<b>568,602</b>	<b>47,381</b>	<b>615,983</b>
<b>Other Income and Expenditure</b>	<b>(568,550)</b>	<b>(42,597)</b>	<b>(611,147)</b>
<b>(Surplus) or Deficit</b>	<b>52</b>	<b>4,784</b>	<b>4,836</b>
Opening Council Fund at 31 <sup>st</sup> March 2022	(10,292)		
Less (Surplus) Deficit on Council Fund in Year	52		
<b>Closing Council Fund at 31<sup>st</sup> March 2023</b>	<b>(10,240)</b>		

## **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 unrepresented 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 4.7% in 2022/23 (2.7% in 2021/22).
- 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 76 Surplus Assets with a recurring fair value of £4.3m. All of the assets are valued at level 2 inputs.

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 1<sup>st</sup> 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:

	<b>£'000</b>
Fair value	654
Carrying value	10
<b>Total Value in Balance Sheet</b>	<b>664</b>

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.

Since the Covid-19 pandemic, there have been a large number of 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.

### **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. changed its name to WSP Glamorgan Consultancy Ltd on 31<sup>st</sup> October 2022 and 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 acquisition consolidation method has been used. The audited accounts for Amgen Cymru Ltd., Amgen Rhondda Ltd. and WSP Glamorgan Consultancy Ltd. are available separately.

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 voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24, information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These amendments should not materially affect this Council.

As the Code requires implementation after 1<sup>st</sup> April 2023, there is no impact on the 2022/23 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 31<sup>st</sup> March 2023 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 Council with advice about the assumptions to be applied.

##### **COVID impact**

The 2022 valuation included actuarial assumptions of the impact of Covid-19 on long term mortality trends. The actuary has made no further adjustments to the mortality assumptions for COVID-19.

##### **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 6<sup>th</sup> April 2016. This recognises 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 recognised that this solution will not address all sex inequalities for a minority of members and further guidance is expected from 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 20<sup>th</sup> 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 27<sup>th</sup> June 2019. The matter was referred to Employment Tribunals for remedy hearings and the Ministry for Housing, Communities and Local Government (MHCLG) ((now department for Levelling Up, Housing and Communities) (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 was adopted for 2021/22 and updated in the 2022 valuation. The method used by AON to value the McCloud remedy and therefore disclosed within the Statement of Accounts is closely aligned to that proposed by the DLUHC in its consultation issued July 2020.

## **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". The outcomes of the reviews recommended no changes to the provisions of the scheme. However, 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 1<sup>st</sup> 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 2022/23, 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 audited Statement of Accounts was authorised for issue by the Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services, as Chief Finance Officer, on 29<sup>th</sup> November 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31<sup>st</sup> March 2023, 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 2021/22**

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
At 1 <sup>st</sup> April 2021	789,816	42,507	6,470	1,593	<b>840,386</b>
Joint Committees Opening Balance	0	0	0	390	<b>390</b>
Additions	25,790	6,678	0	14,238	<b>46,706</b>
Donated Assets	0	1,020	0	0	<b>1,020</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,123	0	0	0	<b>21,123</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(33,160)	0	0	0	<b>(33,160)</b>
Derecognition – Disposals	(780)	(6,588)	0	0	<b>(7,368)</b>
Derecognition – Other	(1,328)	(1,284)	0	0	<b>(2,612)</b>
Assets Reclassified (to)/from Held for Sale	(496)	0	0	0	<b>(496)</b>
Other Reclassifications	158	389	(158)	(389)	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>801,123</b>	<b>42,722</b>	<b>6,312</b>	<b>15,832</b>	<b>865,989</b>

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<b>Accumulated Depreciation and Impairment</b>					
At 1 <sup>st</sup> April 2021	(80,611)	(30,520)	(1,396)	0	<b>(112,527)</b>
Joint Committees Opening Balance	0	0	0	0	<b>0</b>
Depreciation Charge	(17,915)	(3,647)	0	0	<b>(21,562)</b>
Depreciation Written Out of the Revaluation Reserve	24,496	0	0	0	<b>24,496</b>
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	8,150	0	0	0	<b>8,150</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	3,409	0	0	0	<b>3,409</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	25,985	(1,284)	0	0	<b>24,701</b>
Derecognition – Disposals	36	6,574	0	0	<b>6,610</b>
Derecognition – Other	1,328	1,284	0	0	<b>2,612</b>
Assets Reclassified (to)/from Held for Sale	6	0	0	0	<b>6</b>
Other Reclassifications	(95)	0	95	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>(35,211)</b>	<b>(27,593)</b>	<b>(1,301)</b>	<b>0</b>	<b>(64,105)</b>

**Net Book Value:**

<b>At 31<sup>st</sup> March 2022</b>	<b>765,912</b>	<b>15,129</b>	<b>5,011</b>	<b>15,832</b>	<b>801,884</b>
<b>At 31<sup>st</sup> March 2021</b>	<b>709,205</b>	<b>11,987</b>	<b>5,074</b>	<b>1,983</b>	<b>728,249</b>

**Movements in 2022/23**

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
At 1 <sup>st</sup> April 2022	801,123	42,062	6,312	15,704	<b>865,201</b>
Joint Committees Opening Balance	0	658	0	128	<b>786</b>
Additions	30,168	7,411	150	36,749	<b>74,478</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,808	0	0	0	<b>21,808</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(15,434)	0	0	0	<b>(15,434)</b>
Derecognition – Disposals	(981)	(4,104)	0	0	<b>(5,085)</b>
Derecognition – Other	0	(9,972)	0	(128)	<b>(10,100)</b>
Assets Reclassified (to)/from Held for Sale	262	0	0	0	<b>262</b>
Other Reclassifications	13,871	(203)	(106)	(15,303)	<b>(1,741)</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>850,817</b>	<b>35,852</b>	<b>6,356</b>	<b>37,150</b>	<b>930,175</b>

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<b>Accumulated Depreciation and Impairment</b>					
At 1 <sup>st</sup> April 2022	(35,211)	(27,497)	(1,301)	0	<b>(64,009)</b>
Joint Committees	0	(94)	0	0	<b>(94)</b>
Opening Balance					
Depreciation Charge	(19,526)	(4,926)	0	0	<b>(24,452)</b>
Depreciation Written Out of the Revaluation Reserve	13,580	0	0	0	<b>13,580</b>
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	4,282	0	0	0	<b>4,282</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(3,706)	0	0	0	<b>(3,706)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	2,360	(1,682)	0	0	<b>678</b>
Derecognition – Disposals	60	4,095	0	0	<b>4,155</b>
Derecognition – Other	0	9,971	0	0	<b>9,971</b>
Assets Reclassified (to)/from Held for Sale	0	0	0	0	<b>0</b>
Other Reclassifications	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>(38,161)</b>	<b>(20,133)</b>	<b>(1,301)</b>	<b>0</b>	<b>(59,595)</b>

**Net Book Value:**

<b>At 31<sup>st</sup> March 2023</b>	<b>812,656</b>	<b>15,719</b>	<b>5,055</b>	<b>37,150</b>	<b>870,580</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>765,912</b>	<b>15,129</b>	<b>5,011</b>	<b>15,832</b>	<b>801,884</b>

**6.2 Infrastructure Assets****Temporary Relief for Infrastructure Assets Disclosure Requirements**

The temporary relief for infrastructure assets disclosure requirements applies to accounts for financial years commencing 1<sup>st</sup> April 2021 and ending 31<sup>st</sup> March 2025.

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

The Council has chosen not to disclose this information as previously reported practices due to historic information deficits mean that gross cost and accumulated depreciation relating to infrastructure assets are not measured accurately.

	2021/22	2022/23
	£'000	£'000
<b>Net Book Value at 1<sup>st</sup> April</b>	<b>497,215</b>	<b>526,504</b>
Additions	44,357	42,941
Depreciation	(14,704)	(15,679)
Impairment	(364)	(3,683)
Reclassifications	0	1,741
<b>Net Book Value at 31<sup>st</sup> March</b>	<b>526,504</b>	<b>551,824</b>

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

### 6.3 Investment Properties

	2021/22	2022/23
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>8,164</b>	<b>7,546</b>
Net Gains/Losses from fair value adjustments	(618)	5,463
<b>Balance at 31<sup>st</sup> March</b>	<b>7,546</b>	<b>13,009</b>

The fair values for investment properties have been calculated using level 2 in the fair value hierarchy. The investment property within RCT is valued on a market based approach, and the investment property within the joint committee is valued on an income based approach.

### 6.4 Capital Commitments

At 31<sup>st</sup> March 2023 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years, budgeted to cost £49.3m. Similar commitments at 31<sup>st</sup> March 2022 were £13.2m.

Within this amount the significant contract values as at 31<sup>st</sup> March 2023 are:

<b>Scheme</b>	<b>£'000</b>
A4119 Coed Ely Dualling	11,251
Bryncelynnog Comprehensive School	8,100
Hawthorn Primary School	20,592
New Welsh Medium Primary School Rhydyfelin	4,575
Y Pant Comprehensive School	1,947
<b>Total</b>	<b>46,465</b>

## 6.5 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	
	31/03/22	31/03/23	31/03/22	31/03/23
	£'000	£'000	£'000	£'000
Investments: Loans and Receivables	2,515	3,492	133,870	162,071
Debtors: Financial Assets Carried at Contract Amounts	7,122	5,819	146,188	119,240
<b>Total</b>	<b>9,637</b>	<b>9,311</b>	<b>280,058</b>	<b>281,311</b>

Liabilities	Long-Term		Current	
	31/03/22	31/03/23	31/03/22	31/03/23
	£'000	£'000	£'000	£'000
Borrowings: Financial Liabilities at Amortised Cost	373,531	333,709	19,156	13,604
Finance Lease Liabilities	382	381	1	1
Creditors: Financial Liabilities at Amortised Cost	0	0	31,253	21,348
<b>Total</b>	<b>373,913</b>	<b>334,090</b>	<b>50,410</b>	<b>34,953</b>

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

	2021/22			2022/23		
	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	11,171	0	11,171	10,938	0	10,938
Impairment Losses	0	0	0	0	0	0
<b>Total Expense in (Surplus) or Deficit on the Provision of Services</b>	<b>11,171</b>	<b>0</b>	<b>11,171</b>	<b>10,938</b>	<b>0</b>	<b>10,938</b>
Interest Income	0	(640)	(640)	0	(1,645)	(1,645)
Interest Income Accrued on Impaired Financial Assets	0	0	0	0	0	0
<b>Total Income in (Surplus) or Deficit on the Provision of Services</b>	<b>0</b>	<b>(640)</b>	<b>(640)</b>	<b>0</b>	<b>(1,645)</b>	<b>(1,645)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>11,171</b>	<b>(640)</b>	<b>10,531</b>	<b>10,938</b>	<b>(1,645)</b>	<b>9,293</b>

## 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 of the Rhondda Cynon Taf CBC element of financial instruments are as follows:

	31/03/22		31/03/23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	221,471	302,762	210,481	191,076
Market Debt	85,540	121,912	85,500	89,430
Local Authority Debt	5,000	5,000	0	0
Welsh Government Repayable Funding	80,605	80,605	51,225	78,627
Other Debt	71	71	96	96
Finance Lease	383	383	382	382
Trade Creditors	31,253	31,253	21,348	21,348
<b>Total</b>	<b>424,323</b>	<b>541,986</b>	<b>369,032</b>	<b>380,959</b>

	31/03/22		31/03/23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	136,070	136,070	163,948	163,948

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. 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 35 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 Long-Term Creditor.

<b>Soft Loans</b>	<b>2022/23</b>
	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>80,602</b>
Fair Value Adjustment on Initial Recognition	(29,377)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>51,225</b>

The interest rate at which the fair value of this soft loan has been calculated is the 35 year PWLB 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 potential maximum exposure to credit risk (Rhondda Cynon Taf CBC element only). The default rates give details of the Council's experience of its customer collection levels.

	31/03/23	Historical Experience of Default	Adjustment for Market Conditions at 31/03/23	Estimated Maximum Exposure to Default at 31/03/23	Estimated Maximum Exposure to Default at 31/03/22
	(a)	(b)	(c)	(a*c)	
	£'000	%	%	£'000	£'000
Deposits with Government Departments & Local Authorities	163,948	0	0	0	0
Trade Debtors	13,549	0.45	0.45	61	86

The 0.45% Historical Experience of Default represents debt written off in 2022/23 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, £5.7m of the £13.5m balance is debt greater than 30 days old. This debt can be analysed as follows:

	31/03/22	31/03/23
	£'000	£'000
Less than 3 months	1,059	1,490
3 – 6 months	563	995
6 months to 1 year	603	896
More than 1 year	2,336	2,353
<b>Total</b>	<b>4,561</b>	<b>5,734</b>

## 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:

	<b>31/03/22</b>	<b>31/03/23</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	16,038	92,892
Between 1 and 2 years	92,820	10,421
Between 2 and 5 years	31,259	31,259
Between 5 and 10 years	31,965	45,160
More than 10 years	220,578	196,964
<b>Total</b>	<b>392,660</b>	<b>376,696</b>

The maturity analysis of financial assets is as follows:



	31/03/22	31/03/23
	£'000	£'000
Maturity greater than one year	2,200	2,100
Maturity less than one year	133,870	161,848
<b>Total</b>	<b>136,070</b>	<b>163,948</b>

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	(14)
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>(13)</b>
Decrease in fair value of fixed rate borrowing liabilities (no impact on CI&ES)	36,963

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:

<b>31/03/22</b>		<b>31/03/23</b>
<b>£'000</b>		<b>£'000</b>
95,507	Central Government Bodies	55,307
9,593	Other Local Authorities	12,950
13,244	NHS Bodies	21,249
816	Public Corporations and Trading Funds	1,961
27,028	Other Entities and Individuals	27,773
<b>146,188</b>	<b>Total</b>	<b>119,240</b>

### Debtors for Local Taxation

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
3,982	Less than 1 year	4,731
1,786	1 year to 2 years	2,029
1,229	2 years to 3 years	1,275
780	3 years to 4 years	981
522	4 years to 5 years	661
1,269	More than 5 years	1,499
<b>9,568</b>	<b>Total</b>	<b>11,176</b>

## 9.0 Cash and Cash Equivalents

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

<b>31/03/22</b>		<b>31/03/23</b>
<b>£'000</b>		<b>£'000</b>
18,792	Cash Held by the Council	13,535
(15,772)	Bank Current Accounts	(28,375)
<b>3,020</b>	<b>Total Cash and Cash Equivalents</b>	<b>(14,840)</b>

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 31<sup>st</sup> March 2023 adjusted for unrepresented cheques.

## 10.0 Short-Term and Long-Term Creditors

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

**Short-Term Creditors**

31/03/22		31/03/23
£'000		£'000
(17,981)	Central Government Bodies	(11,566)
(17,822)	Other Local Authorities	(46,327)
(7,479)	NHS Bodies	(8,867)
(468)	Public Corporations and Trading Funds	(766)
(84,190)	Other Entities and Individuals	(64,947)
<b>(127,940)</b>	<b>Total</b>	<b>(132,473)</b>

**Long-Term Creditors**

31/03/22		31/03/23
£'000		£'000
(207)	Central Government Bodies	(35,594)
(7,209)	Other Entities and Individuals	(4,358)
<b>(7,416)</b>	<b>Total</b>	<b>(39,952)</b>

**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
<b>Balance at 1<sup>st</sup> April 2022</b>	<b>(512)</b>	<b>(996)</b>	<b>(1,508)</b>
Additional provisions made in 2022/23	0	(981)	<b>(981)</b>
Amounts used in 2022/23	2	1,015	<b>1,017</b>
Unused amounts reversed in 2022/23	0	15	<b>15</b>
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>(510)</b>	<b>(947)</b>	<b>(1,457)</b>

Long-Term Provision	Insurance Claims	Joint Committees	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2022</b>	<b>(3,049)</b>	<b>(390)</b>	<b>(3,439)</b>
Additional provisions made in 2022/23	(495)	0	<b>(495)</b>
Amounts used in 2022/23	963	(48)	<b>915</b>
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>(2,581)</b>	<b>(438)</b>	<b>(3,019)</b>

## 12.0 Other Long-Term Liabilities

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

31/03/22		31/03/23
£'000		£'000
(605,190)	Pension Liability (IAS19)	(128,550)
(2,403)	Other	(609)
<b>(607,593)</b>	<b>Total</b>	<b>(129,159)</b>

## 13.0 Usable Reserves

31/03/22			31/03/23
£'000			£'000
10,292	Council Fund Balance	13.1	10,240
85,937	Capital and Investment / Infrastructure Reserves	13.2	105,125
112,422	Other Revenue Related Reserves	13.2	94,349
20,561	Delegated Schools Reserve	13.3	15,248
5,669	Usable Capital Receipts Reserve	13.4	10,658
37,975	Capital Grant Unapplied Account	13.5	33,541
169	MGCC Insurance Reserve		237
<b>273,025</b>	<b>Total Usable Reserves</b>		<b>269,398</b>

### 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 2022/23 were:

	£'000
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>10,292</b>
Revenue Budget Outturn	(52)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>10,240</b>

**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 2022/23. All earmarked reserves are deemed to be revenue reserves.

**Capital and Investment / Infrastructure**

<b>Reserve</b>	<b>Purpose</b>	<b>Balance at 31/03/22</b>	<b>Transfers Out</b>	<b>Transfers In</b>	<b>Balance at 31/03/23</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Developments</b>	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	<b>75,534</b>	<b>(17,417)</b>	<b>22,058</b>	<b>80,175</b>
<b>Investment / Infrastructure</b>	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough	<b>19,800</b>	<b>(7,504)</b>	<b>12,654</b>	<b>24,950</b>
<b>Total</b>		<b>95,334</b>	<b>(24,921)</b>	<b>34,712</b>	<b>105,125</b>

**Other Revenue Related Reserves**

Reserve	Purpose	Balance at 31/03/22 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31/03/23 £'000
<b>Revenue Budget Strategy 2022/23</b>	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2022/23 budget.	963	(963)	0	0
<b>Revenue Budget Strategy 2023/24</b>	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2023/24 budget.	0	0	9,105	9,105
<b>Joint Committee Reserve</b>	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	2,247	(2,247)	2,874	2,874
<b>Revenue Grant Reserves (IFRS)</b>	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	5,743	(5,743)	3,619	3,619
<b>Financial Management and Human Resources Risk Management</b>	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	36,057	(26,770)	17,587	26,874
<b>Treasury Management Reserve</b>	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
<b>Insurance Reserve</b>	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	7,938	0	323	8,261
<b>Prior Year Commitments</b>	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	34,776	(19,071)	10,245	25,950
<b>Medium Term Financial Planning and Service Transformation</b>	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	3,645	(4,105)	5,347	4,887
<b>Other Specific Reserves</b>	Represents a number of reserves held for specific and identified purposes.	4,222	(2,565)	1,770	3,427
<b>Invest to Save</b>	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	4,969	(472)	2,390	6,887
<b>Total</b>		<b>103,025</b>	<b>(61,936)</b>	<b>53,260</b>	<b>94,349</b>
<b>Total Earmarked Reserves</b>		<b>198,359</b>	<b>(86,857)</b>	<b>87,972</b>	<b>199,474</b>

**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:

	<b>Balance at 31/03/22</b>	<b>Balance at 31/03/23</b>
	<b>£'000</b>	<b>£'000</b>
Delegated Primary Schools	10,461	6,894
Delegated Secondary Schools	6,529	5,703
Delegated Special Schools	1,262	809
Delegated All Through Schools	2,309	1,842
<b>Total</b>	<b>20,561</b>	<b>15,248</b>

### 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:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
<b>3,954</b>	<b>Balance as at 1<sup>st</sup> April</b>	<b>5,669</b>
	Receipts during the year:	
1,715	Sale of assets	5,923
	Application during the year:	
0	Financing of capital expenditure	(934)
<b>5,669</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>10,658</b>

### 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.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
<b>32,363</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>37,975</b>
81,868	Grants received	87,736
(76,256)	Grants utilised to fund capital expenditure	(92,170)
<b>37,975</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>33,541</b>

### 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.

<b>31/03/22</b>			<b>31/03/23</b>
<b>£'000</b>			<b>£'000</b>
249,240	Revaluation Reserve	14.1	272,429
592,201	Capital Adjustment Account	14.2	665,876
(5,308)	Financial Instruments Adjustment Account	14.3	(5,214)
(604,960)	Pensions Reserve	14.4	(126,951)
(6,735)	Short-Term Accumulating Compensated Absence Account		(9,398)
<b>224,438</b>	<b>Total Unusable Reserves</b>		<b>796,742</b>

### 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 1<sup>st</sup> 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.

<b>2021/22</b>		<b>2022/23</b>	
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
<b>207,440</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>249,240</b>	
56,720	Upward revaluation of assets	39,564	
(7,646)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(7,907)	
<b>256,514</b>	<b>Surplus or Deficit on revaluation of Long-Term Assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>280,897</b>
(6,896)	Difference between Current Value Depreciation and Historical Cost Depreciation	(7,735)	
(378)	Accumulated Gains on Assets sold or scrapped	(733)	
<b>(7,274)</b>	<b>Amount written off to the Capital Adjustment Account</b>		<b>(8,468)</b>
<b>249,240</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>272,429</b>

### 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 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

2021/22		2022/23	
£'000		£'000	£'000
529,843	<b>Balance at 1<sup>st</sup> April</b>	592,201	
	Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(3,782)	Charges for depreciation and impairment of Long-Term Assets*	(38,702)	
(34,299)	Revaluation losses on Property, Plant and Equipment	(15,574)	
(724)	Movement in the market value of Investment Properties	0	
(1,582)	Amortisation of Intangible Assets	(2,256)	
(13,425)	Revenue Expenditure Funded from Capital Under Statute	(14,843)	
(758)	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	(1,076)	
7,274	Adjusted items written out of the Revaluation Reserve	8,468	
1,020	Donated Assets	0	
0	Joint Committee Adjustments	3,065	
<b>483,567</b>	<b>Net written out amount of the cost of Long-Term Assets consumed in the year</b>		<b>531,283</b>
	Capital Financing Applied in the Year:		
0	Use of the Capital Receipts Reserve to finance new Capital Expenditure	934	
72,360	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	83,038	
4,499	Application of grants to capital financing from the Capital Grants Unapplied Account	9,132	
14,511	Statutory provision for the financing of capital investment charged against the Council Fund	15,115	
17,264	Capital Expenditure charged against the Council Fund	26,386	
0	Private Mortgage Repayments	(12)	
<b>108,634</b>			<b>134,593</b>
<b>592,201</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>665,876</b>

\* 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 31<sup>st</sup> March 2023 there was a debit balance of £5.2m (debit balance of £5.3m as at 31<sup>st</sup> March 2022).

### 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.

2021/22		2022/23
£'000		£'000
<b>(708,698)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(604,960)</b>
164,779	Actuarial gains or (losses) on Pensions Assets and Liabilities	537,368
(98,273)	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	(101,694)
37,232	Employer's pensions contributions and direct payments to pensioners payable in the year	42,335
<b>(604,960)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(126,951)</b>

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

2021/22		2022/23
£'000		£'000
(38,805)	Depreciation and Impairment	(54,276)
(1,582)	Amortisation	(2,256)
(12,501)	(Increase)/Decrease in Creditors	(29,981)
25,371	Increase/(Decrease) in Debtors	(28,251)
(1,238)	Increase/(Decrease) in Stock	(63)
(61,041)	Movement in Pension Liability	(59,359)
269	Contribution to Provisions	471
(939)	Short-Term Accumulated Absence Accrual	(2,663)
(758)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,076)
701	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	(18,476)
<b>(90,523)</b>	<b>Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements</b>	<b>(195,930)</b>

**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**

2021/22		2022/23
£'000		£'000
1,715	Proceeds from the sale of Property, Plant & Equipment, Investment Property and Intangible Assets	5,923
73,881	Any other items for which the cash effects are investing or financing cash flows	81,770
<b>75,596</b>		<b>87,693</b>

**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.

2021/22		2022/23
£'000		£'000
(964)	Interest received	(1,969)
11,171	Interest paid	10,938
<b>10,207</b>	<b>Interest within Operating Activities</b>	<b>8,969</b>

**18.0 Cash Flow Statement - Investing Activities**

2021/22		2022/23
£'000		£'000
110,765	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	132,590
106,291	Purchase and Redemption of Short-Term and Long-Term Investments	29,178
(1,715)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,923)
(73,881)	Other Receipts from Investing Activities	(81,770)
<b>141,460</b>	<b>Net Cash Flows from Investing Activities</b>	<b>74,075</b>

**19.0 Cash Flow Statement - Financing Activities**

2021/22		2022/23
£'000		£'000
(87,400)	Cash receipts of Short and Long-Term Borrowing	(11)
0	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	1
28,419	Repayments of Short and Long-Term Borrowing	15,966
<b>(58,981)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>15,956</b>

**20.0 Notes to the Expenditure and Funding Analysis****20.1 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	20,991	6,327	(700)	26,618
Chief Executive	2,694	7,370	995	11,059
Education & Inclusion Services	8,331	12,437	(13,294)	7,474
Community & Children's Services	3,372	20,005	(10,401)	12,976
Authority Wide Budgets	(25,088)	11	(48,190)	(73,267)
Joint Committees	0	0	65	65
<b>Net Cost of Services</b>	<b>10,300</b>	<b>46,150</b>	<b>(71,525)</b>	<b>(15,075)</b>
Other income and expenditure from the Expenditure and Funding Analysis	(72,773)	14,490	17,013	(41,270)
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>(62,473)</b>	<b>60,640</b>	<b>(54,512)</b>	<b>(56,345)</b>

**Adjustments between Funding and Accounting Basis 2022/23**

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	24,261	6,715	5,470	36,446
Chief Executive	6,423	7,063	4,732	18,218
Education & Inclusion Services	18,339	11,769	(225)	29,883
Community & Children's Services	5,534	17,605	(6,052)	17,087
Authority Wide Budgets	(34,973)	8	(19,547)	(54,512)
Joint Committees	0	0	113	113
<b>Net Cost of Services</b>	<b>19,584</b>	<b>43,160</b>	<b>(15,509)</b>	<b>47,235</b>
Other income and expenditure from the Expenditure and Funding Analysis	(81,407)	15,770	18,697	(46,940)
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>(61,823)</b>	<b>58,930</b>	<b>3,188</b>	<b>295</b>

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:

	2021/22	2022/23
<b>Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Employee Benefits Expenses	411,328	443,582
Other Services Expenses	384,986	398,827
Depreciation, Amortisation and Impairment	51,900	71,375
Interest Payments	11,171	10,938
Precepts and Levies	37,217	39,178
<b>Total Expenditure</b>	<b>896,602</b>	<b>963,900</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(319,969)	(278,773)
Interest and Investment Income	(962)	(1,694)
Income from Council Tax and NNDR	(225,638)	(234,536)
Gain on the Disposal of Assets	(319)	(3,960)
Government Grants and Contributions	(407,847)	(444,590)
<b>Total Income</b>	<b>(954,735)</b>	<b>(963,553)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(58,133)</b>	<b>347</b>

## 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).

	2021/22	2022/23
	£'000	£'000
Allowances	1,361	1,540
Expenses	20	25
<b>Total</b>	<b>1,381</b>	<b>1,565</b>

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 1:6 (1:7 in 2021/22) with the median earnings being £26,845 (£22,129 in 2021/22). 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	2021/22	2022/23		
	No. of Employees	No. of Employees		
	Total	At 31/03/23	Left in Year	Total
£60,000 - £64,999	55	92	4	96
£65,000 - £69,999	62	40	5	45
£70,000 - £74,999	28	68	3	71
£75,000 - £79,999	16	21	2	23
£80,000 - £84,999	3	17	3	20
£85,000 - £89,999	4	3	3	6
£90,000 - £94,999	5	5	0	5
£95,000 - £99,999	7	4	0	4
£100,000 - £104,999	2	1	1	2
£105,000 - £109,999	2	4	3	7
£110,000 - £114,999	0	3	0	3
£115,000 - £119,999	1	1	0	1
£120,000 - £124,999	0	1	1	1
£125,000 - £129,999	0	1	0	1
<b>Total</b>	<b>185</b>	<b>261</b>	<b>25</b>	<b>285</b>

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)	2021/22			2022/23						
	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 - Paul Mee wef 01/12/2022	0	0	0	53	0	0	0	53	11	64
Chief Executive - Chris Bradshaw to 30/11/2022	157	33	190	106	0	0	0	106	23	129
Group Director of Community & Children's Services to 30/09/2021	63	13	76	0	0	0	0	0	0	0
Deputy Chief Executive & Group Director of Community & Children's Services wef 01/10/2021 to 30/11/2022	63	13	76	85	0	0	0	85	18	103
Deputy Chief Executive & Group Director Finance, Digital & Frontline Services (& Secion 151 Officer) wef 19/01/2023	0	0	0	26	0	0	0	26	6	32
Director of Finance & Digital Services (& Section 151 Officer) to 18/01/2023. *	102	22	124	85	0	0	0	85	18	103

*Continued Overleaf...*



Director of Education & Inclusion Services	99	22	<b>121</b>	104	0	0	0	<b>104</b>	22	<b>126</b>
Director of Human Resources	102	22	<b>124</b>	104	0	0	0	<b>104</b>	22	<b>126</b>
Director of Legal Services to 18/01/2023	94	20	<b>114</b>	77	0	0	0	<b>77</b>	16	<b>93</b>
Director of Legal & Democratic Services wef 19/1/2023	0	0	<b>0</b>	21	0	0	0	<b>21</b>	5	<b>26</b>
Director of Legal Services - Returning Officer	4	0	<b>4</b>	3	0	0	0	<b>3</b>	0	<b>3</b>
Director of Corporate Estates	99	22	<b>121</b>	104	0	0	0	<b>104</b>	22	<b>126</b>
Director of Prosperity & Development	99	21	<b>120</b>	98	0	0	0	<b>98</b>	21	<b>119</b>
Director of Public Health, Protection & Community Services	94	20	<b>114</b>	98	0	0	0	<b>98</b>	21	<b>119</b>
Director of Frontline Services wef 01/10/2021	52	11	<b>63</b>	104	0	0	0	<b>104</b>	22	<b>126</b>
Service Director - Democratic Services & Communications	72	16	<b>88</b>	74	0	0	0	<b>74</b>	16	<b>90</b>
Director of Adult Services - Acting Director of Social Services wef 01/12/22	0	0	<b>0</b>	34	0	0	0	<b>34</b>	7	<b>41</b>

\* Includes Deputy Chief Executive between 01/12/2022 and 18/01/2023

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		
	£	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000		7	4	118	142	125	146	640	750
£20,001 - £40,000		1	1	30	25	31	26	894	761
£40,001 - £60,000		0	0	8	19	8	19	382	927
£60,001 - £80,000		0	0	4	5	4	5	294	352
£80,001 - £100,000		1	1	6	6	7	7	605	633
£100,001 - £150,000		3	0	3	7	6	7	724	873
£150,001 - £200,000		0	0	0	4	0	4	0	642
£200,001 - £250,000		0	0	0	0	0	0	0	0
£250,001 - £300,000		0	0	1	0	1	0	282	0
<b>Total</b>		<b>12</b>	<b>6</b>	<b>170</b>	<b>208</b>	<b>182</b>	<b>214</b>	<b>3,821</b>	<b>4,938</b>

During 2022/23, the Council saved annual payroll costs of £2,588k (£1,756k 2021/22) 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 2022/23 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:

	2021/22	2022/23
	Actual	Estimated
<b>Fees Payable to the Auditor General for Wales</b>	<b>£'000</b>	<b>£'000</b>
External audit services carried out by the Statutory Auditor for the year	243	274
Local Government Measure Work	97	102
Certification of Grant Claims and Returns for the year	63	63
<b>Total</b>	<b>403</b>	<b>439</b>

## 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 2022/23 was 53.5p (53.5p for 2021/22). The total rateable value as at 31<sup>st</sup> March 2023 was £130.2m (£130.0m as at 31<sup>st</sup> March 2022).

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 2022/23 rates is £47.5m (£38.0m in 2021/22). The contribution back to the Council from the pool in the year amounted to £85.6m (£79.3m in 2021/22) and the amount payable to the pool amounts to £51.6m (£53.9m in 2021/22). 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 2022/23 was calculated to be £77,707.00 (compared with £77,197.81 for 2021/22). 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	199	39,270	22,044	14,860	8,570	6,382	3,193	1,100	186	31
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 2022/23 was 97.25%.

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

<b>Council Tax Analysis</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax Collectable	146,388	148,917
<b>Net Proceeds from Council Tax</b>	<b>146,388</b>	<b>148,917</b>
Less Payable:		
Police and Crime Commissioner for South Wales	(22,211)	(23,476)
Community Councils	(2,105)	(2,376)
<b>Total</b>	<b>122,072</b>	<b>123,065</b>

## **27.0 Grant Income**

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

### **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 £242m in 2022/23 (in 2021/22 these grants and contributions amounted to £286m).

### **27.2 Capital Grants Receipts in Advance**

All Capital Grants received have been recognised as income within the Comprehensive Income and Expenditure Statement.

## **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:

2021/22	Scheme	2022/23
£'m		£'m
0.000	Winter Fuel Support Grant	6.300
0.000	Energy Bill Support Scheme	0.028
13.933	Cost of Living (Main Scheme)	13.304
0.157	Statutory Sick Pay (SSP) Enhancement	0.116
4.594	Self Isolation payments	1.027
0.000	Ukraine Sponsor Payments	0.186
0.000	Ukraine Cash Payments	0.059
0.000	Real Living Wage Social Care Workers Payment	8.042
0.501	Economic Resilience Fund	0.000
3.120	WG - Emergency Non Domestic Rates Scheme	0.000
0.238	WG - NDR Discretionary Grant (Retail, Hospitality, Leisure)	0.000
0.105	Freelancer Grant	0.000
<b>22.648</b>	<b>Total</b>	<b>29.062</b>

## 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:

	2021/22	2022/23
	£'000	£'000
Non-Ringfenced Government Grants	(333,966)	(359,489)
Capital Grants and Contributions	(73,469)	(71,700)
Credited to Services	(203,522)	(162,655)
<b>Total</b>	<b>(610,957)</b>	<b>(593,844)</b>

## 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 & Communications, The Pavilions, Clydach Vale.

During 2022/23 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 2022/23. The value of these transactions amounted to payments of £3,111k (£3,233k in 2021/22), of which £392k was outstanding at year end (£484k in 2021/22), and receipts of £310k (£231k in 2021/22), of which £71k was outstanding at year end (£35k in 21/22).

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 £435k (£454k in 21/22) with nothing outstanding at year end (£103k in 21/22), and receipts of £36k (£10k in 21/22), of which £3k was outstanding (£4k in 21/22). 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 £2,534k (£3,096k in 2021/22), of which £38k was outstanding at year end (£176k in 2021/22), and receipts of £5k (nil in 2021/22), of which £4k was outstanding at year end (nil in 2021/22). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with Cardiff & Vale University Health Board. A Member of the Senior Leadership Team of the Council declared that a relative is the Executive Director of Public Health. The value of these transactions amounted to payments of £616k (£494k in 2021/22), of which £60k was outstanding at year end (£108k in 2021/22), and receipts of £7k (£106k in 2021/22), of which £7k was outstanding at year

end (£106k in 2021/22). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with Coleg Y Cymoedd. A Member of the Senior Leadership Team of the Council declared that they are a member of the Governing body. The value of these transactions amounted to payments of £149k (£124k in 2021/22), of which £22k was outstanding at year end (£22k in 2021/22), and receipts of £4k (£70k in 2021/22), of which nothing outstanding at year end (nil in 2021/22).

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:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Police and Crime Commissioner for South Wales	22,211	23,476
Community Councils	2,105	2,376
<b>Total</b>	<b>24,316</b>	<b>25,852</b>

An analysis of levies is given in the following table:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
South Wales Fire and Rescue Service	12,117	12,384
Coroner	542	682
Brecon Beacons National Park	53	53
Glamorgan Archives Joint Committee	189	207
<b>Total</b>	<b>12,901</b>	<b>13,326</b>

### 29.4 Rhondda Cynon Taf Pension Fund

The Deputy Chief Executive/Group Director – Finance, Digital & Frontline 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 (£1.6m in 2021/22) in respect of administration and support during financial year 2022/23. The amount owed from the Council to the Pension Fund as at 31<sup>st</sup> March 2023 is nil (nil as at 31<sup>st</sup> March 2022).

### 29.5 Associated and Subsidiary Companies

The Council has an interest in three companies: namely; Amgen Cymru Ltd., Amgen Rhondda Ltd. and WSP Glamorgan Consultancy Ltd. Officers of the Council are directors of each of these companies. During 2022/23 the following related party transactions took place with these companies.

**Amgen Cymru Ltd.**

The Council paid Amgen Cymru £9,566k (£9,468k in 2021/22) in respect of waste management and waste disposal charges, with £1,049k (£1,392k in 2021/22) due to the company at the year-end. Amgen Cymru paid the Council £586k (£573k in 2021/22) in respect of goods and services, with £282k (£115k in 2021/22) 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 £10,518k 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 31<sup>st</sup> March 2023 £2,963k was outstanding (as at 31<sup>st</sup> March 2022 £3,402k was outstanding).

**Amgen Rhondda Ltd.**

The Council paid Amgen Rhondda £176k (£176k in 2021/22) in respect of site management fees, with nil (nil in 2021/22) outstanding at 31<sup>st</sup> March 2023. Amgen Rhondda paid the council £10k (nil in 21/22), with nothing outstanding at 31<sup>st</sup> March 2023 (£13k in 21/22).

**Capita Glamorgan Consultancy Ltd./WSP 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 and changed its name to WSP Glamorgan Consultancy Ltd on 31<sup>st</sup> October 2022. The Council owns 27.93% of the shares of the company and holds voting rights to this value on the Board.

During 2022/23, the Council was charged £3,822k (£4,161k in 2021/22) in respect of goods, services and capital works. The balance owed to WSP Glamorgan Consultancy Ltd at 31<sup>st</sup> March 2023 was £726k (£686k in 2021/22).

WSP Glamorgan Consultancy Ltd paid the Council nil (nil in 2021/22) in respect of goods and services, with nothing (nil in 2021/22) 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 2022/23, the Council contributed to the Joint Committee an amount of £207k (£164k in 2021/22). 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 2022/23, the Council charged Llwydcoed Crematorium £45k (£41k in 2021/22) in respect of central establishment charges. As at 31<sup>st</sup> March 2023 the Council held cash balances relating to the Crematorium of £1,253k (£1,395k in 2021/22).

## **Education School Improvement Service (ESIS)**

ESIS became non-operational from 1<sup>st</sup> 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 2022/23, the Council received income of £117k from CSCJES (received income of £109k in 2021/22) in respect of advisory and training services, along with grants of £23,545k (£24,464k in 2021/22), and charged CSCJES £170k (£126k in 2021/22) in respect of central establishment charges. The Council also paid CSCJES expenditure of £1,081k (£997k in 2021/22). As at 31<sup>st</sup> March 2023 the Council owed cash balances of £2,222k relating to CSCJES (£1,338k as at 31<sup>st</sup> March 2022). 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 31<sup>st</sup> March 2023 there were no balances outstanding between the Council and Coychurch Crematorium (no balances outstanding as at 31<sup>st</sup> March 2022).

## **Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)**

The Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC) became operational on 1<sup>st</sup> 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 2022/23, the Council contributed £603k to the Vale, Valleys and Cardiff Regional Adoption Collaborative (£562k in 2021/22).

### **Cardiff Capital Region City Deal (CCRCD)**

On 15<sup>th</sup> 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 2022/23, there was a revenue contribution to CCRCD of £192k (£183k in 2021/22), there was a nil capital contribution (nil in 2021/22).

## **29.7 Partnership Agreement**

### **Biogen Tomorrow's Valley Food Waste Plant**

The Biogen Food Waste Plant became fully operational on the 19<sup>th</sup> 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 2022/23 a total amount of £1,063k (£1,127k in 2021/22) associated costs have been incurred by the parties, of which RCT's associated costs in 2022/23 were £582k (£613k in 2021/22), with Welsh Government contributing £124k (£124k in 2021/22) 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 on the board of Trivallis.

During 2022/23, the Council paid Trivallis £1,159k (£944k in 2021/22) and received income of £2,957k (£1,746k in 2021/22). At year-end, Trivallis owed £367k to the Council (£187k in 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.

	2021/22	2022/23
	£'000	£'000
Opening Capital Financing Requirement	504,848	502,763
<b>Capital Investment:</b>		
Property, Plant & Equipment	90,668	116,956
Intangible Assets	1,853	3,296
Revenue Expenditure Funded from Capital Under Statute	13,425	14,843
	<b>105,946</b>	<b>135,095</b>
<b>Sources of Finance:</b>		
Capital Receipts	0	(934)
Capital Development Fund	0	(2,661)
Government Grants and Other Contributions	(76,256)	(92,170)
	<b>(76,256)</b>	<b>(95,765)</b>
<b>Sums Set Aside from Revenue:</b>		
Direct Revenue Contributions	(17,264)	(23,723)
Minimum Revenue Payment	(14,511)	(15,115)
	<b>(31,775)</b>	<b>(38,838)</b>
<b>Closing Capital Financing Requirement</b>	<b>502,763</b>	<b>503,255</b>
<b>Explanation of Movements in Year</b>		
Increase/(Decrease) in underlying need to borrowing supported by government financial assistance)	(790)	(968)
Increase in underlying need to borrowing (unsupported by government financial assistance)	(1,295)	1,461
Finance Leases	0	(1)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(2,085)</b>	<b>492</b>

### 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:

	31/03/22	31/03/23
	£'000	£'000
Other Land and Buildings	155	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:

	31/03/22	31/03/23
	£'000	£'000
<b>Finance Lease Liabilities:</b>		
Current	1	1
Long-Term	382	381
Finance costs payable in future years	1,166	1,145
<b>Minimum Lease Payments</b>	<b>1,549</b>	<b>1,527</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/22	31/03/23	31/03/22	31/03/23
	£'000	£'000	£'000	£'000
Less than 1 year	23	23	1	1
1 to 5 years	113	113	5	5
Greater than 5 years	1,413	1,391	377	376
<b>Total</b>	<b>1,549</b>	<b>1,527</b>	<b>383</b>	<b>382</b>

### 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.

	31/03/22			31/03/23		
	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	427	801	1,228	470	703	1,173
Later than 1 year and not later than 5 years	1,435	1,655	3,090	966	1,416	2,382
Later than 5 years	8,604	207	8,811	1,778	119	1,897
<b>Total</b>	<b>10,466</b>	<b>2,663</b>	<b>13,129</b>	<b>3,214</b>	<b>2,238</b>	<b>5,452</b>

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

	31/03/22	31/03/23
	£'000	£'000
Minimum Lease Payments	1,546	1,511

### 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:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	331	202
1 to 5 years	842	677
Greater than 5 years	814	734
<b>Total</b>	<b>1,987</b>	<b>1,613</b>

### **31.4 Operating Leases with Council as Lessor**

The Authority has entered into a number of operating leases with lessees in respect of land and buildings. The total future annual lease payments due to the Authority are as follows:

	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	988	1,074
1 to 5 years	3,941	4,382
Greater than 5 years	7,637	6,775
<b>Total</b>	<b>12,566</b>	<b>12,231</b>

### **32.0 Impairment Losses**

During 2022/23, the Council has recognised an impairment loss of £17.9m (a loss of £19.1m in 2021/22) 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:

	2021/22	2022/23		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement:</b>				
Cost of Services:				
Current Service Cost	82,582	83,630	511	84,141
Past Service Cost	1,200	1,790	0	1,790
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest Expense	14,491	15,770	(7)	15,763
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>98,273</b>	<b>101,190</b>	<b>504</b>	<b>101,694</b>
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>				
Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	(4,338)	165,550	951	166,501
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(21,341)	(990)	(3)	(993)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(145,539)	(812,120)	(3,630)	(815,750)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	6,439	111,990	884	112,874
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(66,506)</b>	<b>(434,380)</b>	<b>(1,294)</b>	<b>(435,674)</b>
<b>Movement in Reserves Statement:</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(98,273)	(101,190)	(504)	(101,694)
<i>Actual amount charged against the Council Fund Balance for pensions in the year:</i>				
Employers' contributions payable to scheme	37,232	42,260	75	42,335

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31<sup>st</sup> March 2023 is a gain of £537.4m (£164.8m gain in 2021/22).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the year ending 31<sup>st</sup> March 2023 is a gain of £573.9m.

**33.3 Reconciliation of Present Value of the Scheme Liabilities**

	2021/22	2022/23		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>2,180,257</b>	<b>2,098,130</b>	<b>9,011</b>	<b>2,107,141</b>
Current Service Cost	82,582	83,630	511	84,141
Interest Cost on Defined Obligation	45,360	56,110	242	56,352
Contributions by scheme participants	10,244	11,530	101	11,631
<b>Remeasurement (Gains) and Losses</b>				
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(21,341)	(990)	(3)	(993)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(145,539)	(812,120)	(3,630)	(815,750)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	6,439	111,990	884	112,874
Benefits paid	(52,061)	(52,390)	(126)	(52,516)
Past service costs	1,200	1,790	0	1,790
<b>Balance at 31<sup>st</sup> March</b>	<b>2,107,141</b>	<b>1,497,680</b>	<b>6,990</b>	<b>1,504,670</b>

**33.4 Reconciliation of Fair Value of the Scheme Assets**

	2021/22	2022/23		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>1,471,559</b>	<b>1,492,940</b>	<b>9,241</b>	<b>1,502,181</b>
Interest Income	30,869	40,340	249	40,589
<b>Remeasurement (Gains) and Losses:</b>				
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	4,338	(165,550)	(951)	(166,501)
Employer contributions	37,232	42,260	75	42,335
Contributions by scheme participants	10,244	11,530	101	11,631
Benefits paid	(52,061)	(52,390)	(126)	(52,516)
<b>Balance at 31<sup>st</sup> March</b>	<b>1,502,181</b>	<b>1,369,130</b>	<b>8,589</b>	<b>1,377,719</b>

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 loss of £124.51m (£35.07m gain in 2021/22).



**33.5 Scheme History**

	2018/19 Inc Joint Comm's	2019/20 Inc Joint Comm's	2020/21 Inc Joint Comm's	2021/22 Inc Joint Comm's	2022/23 Inc Joint Comm's
	£'000	£'000	£'000	£'000	£'000
Present Value of the Defined Obligation	(1,741,294)	(1,760,955)	(2,180,257)	(2,107,141)	(1,504,670)
Fair Value of Plan Assets	1,132,656	1,103,321	1,471,559	1,502,181	1,377,719
<b>Surplus/(Deficit)</b>	<b>(608,638)</b>	<b>(657,634)</b>	<b>(708,698)</b>	<b>(604,960)</b>	<b>(126,951)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £127m 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 31<sup>st</sup> December 2022, the Rhondda Cynon Taf Pension Fund Assets used in IAS19 calculations comprised of:

Fair Value of Scheme Assets		
	2021/22	2022/23
	£'000	£'000
UK Equities	443,448	443,611
Overseas Equities	2,870,331	2,354,047
UK Fixed Interest Gilts	563,640	429,562
UK Corporate Bonds	607,650	507,735
Property	317,833	318,236
Infrastructure	0	21,975
Cash and Net Current Assets	16,991	27,511
<b>Total</b>	<b>4,819,893</b>	<b>4,102,677</b>

**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:

	31/03/22	31/03/23
Long-Term Expected Rate of Return on Assets in the Scheme (in line with the discount rate)	4.25%	4.30%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6	21.6
Women	23.9	24.2
Longevity at 65 for future pensioners:		
Men	22.6	22.9
Women	25.4	25.7
Rate of inflation (CPI)	3.0%	2.7%
Rate of increase in salaries	4.25%	3.95%
Rate of increase in pensions	3.0%	2.7%
Rate for discounting scheme liabilities	2.7%	4.7%
Take-up of option to convert annual pension into retirement lump sum:		
Post-2010 Service	80%	85%
Pre-2010 Service	80%	85%

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 Committees		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)	38,740	(38,740)	182	(182)	38,922	(38,922)
Rate of Increase in Salaries (Increase or Decrease by 0.1%)	2,980	(2,980)	14	(14)	2,994	(2,994)
Rate of Increase in Pensions (Increase or Decrease by 0.1%)	23,840	(22,350)	112	(112)	23,952	(22,462)
Rate for Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	(25,330)	26,820	(126)	126	(25,456)	26,946

### **33.8 Contributions for the Accounting Period ending 31<sup>st</sup> March 2024**

The Employer's regular contributions to the Fund for the accounting period 31<sup>st</sup> March 2024 are estimated to be £37.0m. 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 Deputy Chief Executive/Group Director – Finance, Digital & Frontline 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 2022/23, the Council paid £21.1m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/22 were £20.0m, 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 2022/23 these amounted to £654k (£689k in 2021/22).

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 31<sup>st</sup> March 2023. 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 30<sup>th</sup> 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 31<sup>st</sup> March 2023 are shown as follows and are not included in the Council's Balance Sheet. The 2022/23 figures are draft, subject to audit (Audit Wales for Welsh Church Act, the Regional Internal Audit Service for the other funds).

	Description	31/03/22	31/03/23
		£'000	£'000
Education & Miscellaneous	Various funds established for educational and community benefits	287	270
Rhondda Cynon Taf Charity for the Visually Impaired	Fund established for the benefit of visually impaired citizens	14	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	13,891	13,184

### 37.0 Pooled Budgets

The Council has entered into a pooled budget with Cwm Taf Morgannwg University Health Board, Merthyr Tydfil CBC and Bridgend CBC for the provision of care home accommodation. The Council and its partners have an agreement in place for funding these services, with the Council contributing funds to an agreed budget equal to 48% in 2022/23 (47% in 2021/22). The same proportion is used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year. The pooled budget is hosted by the Council on behalf of the other partners to the agreement.

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
<b>Funding Provided to the pooled budget:</b>				
Rhondda Cynon Taff	(24,956)		(29,081)	
Other Partners	(27,742)		(31,397)	
Balance c/f	(15)		(13)	
Other Income Received	(4)		(53)	
		<b>(52,717)</b>		<b>(60,544)</b>
<b>Expenditure Met from the pooled budget:</b>				
Total Expenditure	52,704		60,484	
		<b>52,704</b>		<b>60,484</b>
<b>Net (Surplus)/Deficit arising on the pooled budget during the year</b>		<b>(13)</b>		<b>(60)</b>
<b>Rhondda Cynon Taf share of net (Surplus)/Deficit arising on the pooled budget</b>		<b>(6)</b>		<b>(29)</b>

The 2022/23 figures are draft, subject to audit by Audit Wales.

## Group Accounts

### 1. Introduction

To reflect the 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 Ltd., 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 Ltd. 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 2022/23 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, WSP Glamorgan Consultancy Ltd., is not consolidated.

**4. Policy Change - Amgen Cymru – Landfill Aftercare**

During 2022/23, Amgen Cymru changed its policy in relation to the aftercare provision, which has led to the restatement of the 2021/22 Balance Sheet and associated notes. Details of the new policy are as follows:

A provision for after-care costs in relation to the obligation to restore the site has been realised in the financial statements. In addition, a corresponding asset representing the costs relating to obligations as a result of future void usage has also been included. This asset will be released over the estimated usage period of the site, in line with revenue-matching principles. After-care costs are provided for based on the Directors' expectations that the obligation will have been fulfilled 60 years after the closure of the site.



**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 ending 31<sup>st</sup> March 2022

Restated	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 1 <sup>st</sup> April 2021	8,505	76,829	73,790	12,035	3,955	32,362	185	207,661	21,256	228,917	987	229,904
<b>Movement in reserves during 2021/22</b>												
Total comprehensive income and expenditure	48,381	0	684	0	0	0	0	49,065	213,736	262,801	9,547	272,348
<b>Adjustments between Group Accounts and Authority Accounts:</b>	9,071	0	0	0	0	0	0	9,071	0	9,071	(9,071)	0
<b>Net Increase or decrease before transfers</b>	57,452	0	684	0	0	0	0	58,136	213,736	271,872	476	272,348
<b>Adjustments between accounting basis and funding under regulations:</b>												
<b>Adjustments primarily involving the Capital Adjustment Account:</b>												
<b>Reversal of items debited / credited to CI&amp;ES:</b>												
Charges for depreciation and impairment of long-term assets	3,685	0	94	0	0	0	0	3,779	(3,779)	0	0	0

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Revaluation losses on property, plant & equipment	33,205	0	1,094	0	0	0	0	0	<b>34,299</b>	(34,299)	0	0	0
Movement in the fair value of Investment Properties	610	0	114	0	0	0	0	0	<b>724</b>	(724)	0	0	0
Capital Grants and Contributions applied	0	0	(603)	0	0	0	0	0	<b>(603)</b>	603	0	0	0
Amortisation of intangible assets	1,582	0	0	0	0	0	0	0	<b>1,582</b>	(1,582)	0	0	0
Movement in the Donated Assets Account	(1,020)	0	0	0	0	0	0	0	<b>(1,020)</b>	1,020	0	0	0
Revenue expenditure funded from capital under statute	13,425	0	0	0	0	0	0	0	<b>13,425</b>	(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	<b>758</b>	(758)	0	0	0
<b>Insertion of items not debited / credited to CI&amp;ES:</b>													
Statutory provision for the financing of capital investment	(14,511)	0	0	0	0	0	0	0	<b>(14,511)</b>	14,511	0	0	0
Capital expenditure charged against the Council Fund Balances	(17,264)	0	0	0	0	0	0	0	<b>(17,264)</b>	17,264	0	0	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>													
Capital grants and contributions unapplied credited to CI&ES	(81,868)	0	0	0	0	81,869	0	0	<b>1</b>	0	1	0	1
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(76,256)	0	0	<b>(76,256)</b>	76,256	0	0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>													
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	<b>0</b>	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	423	0	0	0	<b>423</b>	(423)	0	0	0

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<b>Adjustments involving the Financial Instruments Adjustment Account:</b>													
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	1	
<b>Adjustments involving the Pensions Reserve:</b>													
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	0	
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	0	0	
<b>Adjustment involving the Unequal Pay Back Pay Adjustment Account:</b>													
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	
<b>Adjustment involving the Accumulated Absences Account:</b>													
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	940	(939)	1	0	1	
<i>Continued Overleaf...</i>													

<b>Other adjustments include:</b>												
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
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	56,458	0	1,791	0	1,502	5,613	0	<b>65,364</b>	206,511	<b>271,875</b>	476	<b>272,351</b>
<b>Transfers to or from Earmarked Reserves</b>	(54,671)	9,108	36,841	8,526	212	0	(16)	<b>0</b>	0	<b>0</b>	0	<b>0</b>
<b>Increase or (decrease) in the year</b>	1,787	9,108	38,632	8,526	1,714	5,613	(16)	<b>65,364</b>	206,511	<b>271,875</b>	476	<b>272,351</b>
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>10,292</b>	<b>85,937</b>	<b>112,422</b>	<b>20,561</b>	<b>5,669</b>	<b>37,975</b>	<b>169</b>	<b>273,025</b>	<b>227,767</b>	<b>500,792</b>	<b>1,463</b>	<b>502,255</b>

Group Movement in Reserves Statement for the year ending 31<sup>st</sup> March 2023

	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
<b>Balance at 1<sup>st</sup> April 2022</b>	10,292	85,937	112,422	20,561	5,669	37,975	169	<b>273,025</b>	227,766	<b>500,791</b>	1,464	<b>502,255</b>
<b>Movement in reserves during 2022/23</b>												
Total comprehensive income and expenditure	(13,640)	0	4,137	0	0	0	0	<b>(9,503)</b>	568,879	<b>559,376</b>	9,818	<b>569,194</b>
<b>Adjustments between Group Accounts and Authority Accounts:</b>	9,156	0	0	0	0	0	0	<b>9,156</b>	0	<b>9,156</b>	(9,156)	<b>0</b>
<b>Net Increase or decrease before transfers</b>	(4,484)	0	4,137	0	0	0	0	<b>(347)</b>	568,879	<b>568,532</b>	662	<b>569,194</b>
<b>Adjustments between accounting basis and funding under regulations:</b>												
<b>Adjustments primarily involving the Capital Adjustment Account:</b>												
<b>Reversal of items debited / credited to CI&amp;ES:</b>												
Charges for depreciation and impairment of long-term assets	38,702	0	0	0	0	0	0	<b>38,702</b>	(38,702)	<b>0</b>	0	<b>0</b>

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Revaluation losses on property, plant & equipment	15,574	0	0	0	0	0	0	0	15,574	(15,574)	0	0	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0	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	2,256	0	0	0	0	0	0	0	2,256	(2,256)	0	0	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	14,843	0	0	0	0	0	0	0	14,843	(14,843)	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	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited / credited to CI&amp;ES:</b>													
Statutory provision for the financing of capital investment	(15,115)	0	0	0	0	0	0	0	(15,115)	15,115	0	0	0
Capital expenditure charged against the Council Fund Balances	(26,386)	0	0	0	0	0	0	0	(26,386)	26,386	0	0	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>													
Capital grants and contributions unapplied credited to CI&ES	(87,736)	0	0	0	0	87,736	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(92,170)	0	0	(92,170)	92,170	0	0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>													
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(3,960)	0	0	0	5,036	0	0	0	1,076	(1,076)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(934)	0	0	0	(934)	934	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	12	0	0	0	12	(12)	0	0	0

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<b>Adjustments involving the Financial Instruments Adjustment Account:</b>													
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(94)	0	0	0	0	0	0	(94)	94	0	0	0	0
<b>Adjustments involving the Pensions Reserve:</b>													
Reversal of items relating to retirement benefits debited or credited to the CI&ES	101,190	0	504	0	0	0	0	101,694	(101,694)	0	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(42,260)	0	(75)	0	0	0	0	(42,335)	42,335	0	0	0	0
<b>Adjustment involving the Unequal Pay Back Pay Adjustment Account:</b>													
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
<b>Adjustment involving the Accumulated Absences Account:</b>													
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	2,661	0	1	0	0	0	0	2,662	(2,664)	(2)	(3)	(5)	(5)
<i>Continued Overleaf...</i>													



<b>Other adjustments include:</b>												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	15	15	(15)	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(4,809)	0	4,567	0	4,114	(4,434)	0	(562)	569,107	568,545	644	569,189
<b>Transfers to or from Earmarked Reserves</b>	4,757	19,188	(22,640)	(5,313)	875	0	68	(3,065)	3,065	0	0	0
<b>Increase or (decrease) in the year</b>	(52)	19,188	(18,073)	(5,313)	4,989	(4,434)	68	(3,627)	572,172	568,545	644	569,189
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>10,240</b>	<b>105,125</b>	<b>94,349</b>	<b>15,248</b>	<b>10,658</b>	<b>33,541</b>	<b>237</b>	<b>269,398</b>	<b>799,938</b>	<b>1,069,336</b>	<b>2,108</b>	<b>1,071,444</b>

**Group Comprehensive Income and Expenditure Statement for the year ended  
31<sup>st</sup> March 2023**

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.

**Group Comprehensive Income and Expenditure Statement for the year ended  
31<sup>st</sup> March 2023**

2021/22 Restated				Note:	2022/23		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
126,992	(41,039)	85,953	Prosperity, Development & Frontline Services	G 1.0	131,132	(30,347)	100,785
54,336	(11,847)	42,489	Chief Executive		62,520	(9,488)	53,032
274,712	(71,802)	202,910	Education & Inclusion Services		304,109	(66,459)	237,650
292,105	(110,540)	181,565	Community & Children's Services		314,606	(116,097)	198,509
90,523	(90,493)	30	Authority Wide Budgets		84,654	(58,532)	26,122
2,478	(2,413)	65	Joint Committees		5,265	(5,152)	113
<b>841,146</b>	<b>(328,134)</b>	<b>513,012</b>	<b>Cost of Services</b>		<b>902,286</b>	<b>(286,075)</b>	<b>616,211</b>
			<b>Other Operating Expenditure</b>				
24,316	0	24,316	Precepts		25,852	0	25,852
12,901	0	12,901	Levies		13,326	0	13,326
0	(319)	(319)	(Gains) or Losses on Disposal of Non-Current Assets		0	(3,960)	(3,960)
			<b>Financing and Investment Income and Expenditure</b>				
11,430	0	11,430	Interest Payable and Similar Charges		11,209	0	11,209
14,491	0	14,491	Net Interest on Net Defined Liability (Asset)		15,770	(7)	15,763
0	(643)	(643)	Interest Receivable and Similar Income		0	(1,733)	(1,733)
628	(324)	304	Income, Expenditure and Changes in the Fair Value of Investment Properties		380	(324)	56
			<b>Taxation and Non-Specific Grant Income</b>				
0	(146,388)	(146,388)	Council Tax Income		0	(148,917)	(148,917)
0	(79,250)	(79,250)	NDR Distribution		0	(85,619)	(85,619)
0	(333,966)	(333,966)	Non-Ringfenced Government Grants		0	(359,489)	(359,489)
0	(73,881)	(73,881)	Capital Grants and Contributions		0	(81,770)	(81,770)
77	0	77	Corporation Tax - Joint Committees		0	(25)	(25)
<b>904,989</b>	<b>(962,905)</b>	<b>(57,916)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>968,823</b>	<b>(967,919)</b>	<b>904</b>
			<b>Tax Expenses</b>				
104	(34)	70	Taxation of Group Entities		256	(51)	205
<b>905,093</b>	<b>(962,939)</b>	<b>(57,846)</b>	<b>(Surplus) or Deficit</b>		<b>969,079</b>	<b>(967,970)</b>	<b>1,109</b>
7,646	(57,349)	(49,703)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		7,907	(39,564)	(31,657)
0	(164,799)	(164,799)	Remeasurement of the Net Defined Benefit Liability		0	(538,646)	(538,646)
<b>7,646</b>	<b>(222,148)</b>	<b>(214,502)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>7,907</b>	<b>(578,210)</b>	<b>(570,303)</b>
<b>912,739</b>	<b>(1,185,087)</b>	<b>(272,348)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>976,986</b>	<b>(1,546,180)</b>	<b>(569,194)</b>

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

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.

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

31/03/2022 Restated			Note:	31/03/23	
				£'000	£'000
	<b>Long-Term Assets</b>	Property, Plant & Equipment:	G 2.0		
776,573		Other Land & Buildings		823,024	
526,504		Infrastructure		551,824	
23,791		Vehicles, Plant & Equipment		23,324	
735		Landfill Cells		645	
5,011		Community Assets		5,055	
15,832		Assets Under Construction		37,150	
145		Heritage Assets		145	
7,546		Investment Properties		13,009	
230		Defined Benefit Pension Scheme Asset		1,599	
3,475		Long-Term Intangible Assets		4,516	
2,515		Long-Term Investments		3,492	
4,159		Long-Term Debtors		3,295	
<b>1,366,516</b>		<b>TOTAL LONG-TERM ASSETS</b>			<b>1,467,078</b>
	<b>Current Assets</b>				
133,870		Short-Term Investments		162,071	
1,196		Assets Held for Sale		664	
1,443		Inventories		1,380	
147,720		Short-Term Debtors	G 12.0	120,141	
9,152		Cash and Cash Equivalents		0	
<b>293,381</b>		<b>TOTAL CURRENT ASSETS</b>			<b>284,256</b>
	<b>Current Liabilities</b>				
0		Cash and Cash Equivalents		(8,644)	
(19,156)		Short-Term Borrowing		(13,604)	
(1,508)		Short-Term Provisions	G 14.0	(1,457)	
(131,497)		Short-Term Creditors	G 13.0	(135,335)	
<b>(152,161)</b>		<b>TOTAL CURRENT LIABILITIES</b>			<b>(159,040)</b>
	<b>Long-Term Liabilities</b>				
(10,218)		Long-Term Creditors	G 13.0	(45,209)	
(12,643)		Long-Term Provisions	G 14.0	(12,188)	
(1,798)		Capital Grants Receipts in Advance		0	
(373,531)		Long-Term Borrowing		(333,709)	
(607,168)		Other Long-Term Liabilities		(129,621)	
(123)		Long-Term Donated Assets Account		(123)	
<b>(1,005,481)</b>		<b>TOTAL LONG-TERM LIABILITIES</b>			<b>(520,850)</b>
<b>502,255</b>	<b>NET ASSETS</b>				<b>1,071,444</b>

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10,292	<b>Usable Reserves</b>	Council Fund Balance		10,240	
		Earmarked Reserves:			
95,334		Capital and Investment / Infrastructure		105,125	
103,025		Other Revenue Related Reserves		94,349	
20,561		Delegated Schools Reserve		15,248	
5,669		Usable Capital Receipts Reserve		10,658	
37,975		Capital Grant Unapplied Account		33,541	
169		MGCC Insurance Reserve		237	
<b>273,025</b>			<b>TOTAL USABLE RESERVES</b>		
249,817	<b>Unusable Reserves</b>	Revaluation Reserve		272,887	
594,952		Capital Adjustment Account	G 5.0	668,614	
(5,308)		Financial Instruments Adjustment Account		(5,214)	
(604,960)		Pensions Reserve		(126,951)	
(6,735)		Short-Term Accumulating Compensated Absence Account		(9,398)	
1,464		Group Companies Reserve	G 3.0	2,108	
<b>229,230</b>			<b>TOTAL UNUSABLE RESERVES</b>		
<b>502,255</b>	<b>TOTAL RESERVES</b>				<b>1,071,444</b>

### Group Cash Flow Statement 2022/23

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

2021/22 £'000		Note:	2022/23	
			£'000	£'000
(57,984)	Net (Surplus) or Deficit on the Provision of Services		1,109	
(90,810)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	G 6.0	(196,727)	
75,596	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	G 7.0	87,693	
<b>(73,198)</b>	<b>Net Cash Flows from Operating Activities</b>			<b>(107,925)</b>
140,445	Investing Activities	G 9.0	74,174	
(58,981)	Financing Activities	G 10.0	15,956	90,129
<b>8,266</b>	<b>Net Increase or Decrease in Cash or Cash Equivalents</b>			<b>(17,796)</b>
886	Cash and Cash Equivalents at the Beginning of the Reporting Period			9,152
<b>9,152</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>			<b>(8,644)</b>

## 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 2021/22

Restated	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1st April 2021	792,959	56,810	193	6,470	2,182	<b>858,614</b>
Joint Committees Opening Balance	0	0	0	0	390	<b>390</b>
Additions	25,790	6,714	0	0	14,444	<b>46,948</b>
Donations	0	1,020	0	0	0	<b>1,020</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,123	0	0	0	0	<b>21,123</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(33,160)	0	0	0	0	<b>(33,160)</b>
Derecognition – Disposals	(780)	(6,717)	0	0	0	<b>(7,497)</b>
Derecognition - Other	(1,328)	(1,284)	0	0	0	<b>(2,612)</b>
Assets Reclassified (to)/from Held for Sale	(496)	0	0	0	0	<b>(496)</b>
Other Reclassifications	9,397	396	789	(158)	(1,184)	<b>9,240</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31st March 2022</b>	<b>813,505</b>	<b>56,939</b>	<b>982</b>	<b>6,312</b>	<b>15,832</b>	<b>893,570</b>

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<b>Accumulated Depreciation and Impairment</b>						
At 1st April 2021	(82,038)	(34,940)	(191)	(1,396)	0	<b>(118,565)</b>
Joint Committees Opening Balance	0	0	0	0	0	<b>0</b>
Depreciation Charge	(18,119)	(4,813)	(151)	0	0	<b>(23,083)</b>
Depreciation Written Out of the Revaluation Reserve	24,496	0	0	0	0	<b>24,496</b>
Depreciation Written out to the Surplus/Deficit on the Provision of Services	8,150	0	0	0	0	<b>8,150</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	3,409	0	0	0	0	<b>3,409</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	25,985	(1,284)	0	0	0	<b>24,701</b>
Derecognition – Disposals	36	6,703	0	0	0	<b>6,739</b>
Derecognition - Other	1,328	1,284	0	0	0	<b>2,612</b>
Assets Reclassified (to)/from Held for Sale	6	0	0	0	0	<b>6</b>
Other Reclassifications	(185)	(98)	95	95	0	<b>(93)</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31st March 2022</b>	<b>(36,932)</b>	<b>(33,148)</b>	<b>(247)</b>	<b>(1,301)</b>	<b>0</b>	<b>(71,628)</b>
<b>Net Book Value:</b>						
<b>At 31st March 2022</b>	<b>776,573</b>	<b>23,791</b>	<b>735</b>	<b>5,011</b>	<b>15,832</b>	<b>821,942</b>
<b>At 31st March 2021</b>	<b>710,921</b>	<b>21,870</b>	<b>2</b>	<b>5,074</b>	<b>2,572</b>	<b>740,439</b>

**Movements in 2022/23**

	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1st April 2022	813,505	56,279	982	6,312	15,704	<b>892,782</b>
Joint Committees	0	658	0	0	128	<b>786</b>
Opening Balance						
Additions	30,168	7,510	0	150	36,749	<b>74,577</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,808	0	0	0	0	<b>21,808</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(15,434)	0	0	0	0	<b>(15,434)</b>
Derecognition – Disposals	(981)	(4,232)	0	0	0	<b>(5,213)</b>
Derecognition - Other	0	(9,972)	0	0	(128)	<b>(10,100)</b>
Assets Reclassified (to)/from Held for Sale	262	0	0	0	0	<b>262</b>
Other Reclassifications	13,871	(203)	0	(106)	(15,303)	<b>(1,741)</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31st March 2023</b>	<b>863,199</b>	<b>50,040</b>	<b>982</b>	<b>6,356</b>	<b>37,150</b>	<b>957,727</b>

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<b>Accumulated Depreciation and Impairment</b>						
At 1st April 2022	(36,932)	(33,052)	(247)	(1,301)	0	<b>(71,532)</b>
Joint Committees Opening Balance	0	(94)	0	0	0	<b>(94)</b>
Depreciation Charge	(19,819)	(6,082)	(90)	0	0	<b>(25,991)</b>
Depreciation Written Out of the Revaluation Reserve	13,580	0	0	0	0	<b>13,580</b>
Depreciation Written out to the Surplus/Deficit on the Provision of Services	4,282	0	0	0	0	<b>4,282</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(3,706)	0	0	0	0	<b>(3,706)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	2,360	(1,682)	0	0	0	<b>678</b>
Derecognition – Disposals	60	4,223	0	0	0	<b>4,283</b>
Derecognition - Other	0	9,971	0	0	0	<b>9,971</b>
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	<b>0</b>
Other Reclassifications	0	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31st March 2023</b>	<b>(40,175)</b>	<b>(26,716)</b>	<b>(337)</b>	<b>(1,301)</b>	<b>0</b>	<b>(68,529)</b>
<b>Net Book Value:</b>						
<b>At 31st March 2023</b>	<b>823,024</b>	<b>23,324</b>	<b>645</b>	<b>5,055</b>	<b>37,150</b>	<b>889,198</b>
<b>At 31st March 2022</b>	<b>776,573</b>	<b>23,791</b>	<b>735</b>	<b>5,011</b>	<b>15,832</b>	<b>821,942</b>

## 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:

Restated	Amgen Cymru Restated	Amgen Rhondda	Total
	£'000	£'000	£'000
<b>Balance as at 31st March 2022</b>	<b>4,215</b>	<b>(2,751)</b>	<b>1,464</b>
Increase/(Decrease) 2022/23	631	13	644
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>4,846</b>	<b>(2,738)</b>	<b>2,108</b>

**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 2022 Restated	March 2023 Draft	March 2022	March 2023 Draft
	£'000	£'000	£'000	£'000
Shareholding	2,806	2,806	226	239
Net Current Assets	3,903	4,014	205	220
Total Assets less Current Liabilities	23,941	22,614	226	239
Net Assets	7,598	8,111	226	239
(Loss)/Profit Before Tax	(217)	(560)	(3)	12
(Loss)/Profit After Tax	(320)	(508)	(3)	12
Registration No.	03687641		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	True and Fair		True and Fair	

The Accounts will be presented at the companies' Annual General Meeting.

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

<b>Restated</b>	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>594,952</b>
Gains/(Losses) during the year	73,662
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>668,614</b>

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 £2,738k.

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(38,805)	Depreciation and Impairment	(55,815)
(1,582)	Amortisation	(2,256)
(16,524)	(Increase)/Decrease in Creditors	(28,832)
25,489	Increase/(Decrease) in Debtors	(28,443)
(1,238)	Increase/(Decrease) in Stock	(63)
(60,785)	Movement in Pension Liability	(60,637)
401	Contribution to Provisions	436
(939)	Short-Term Accumulated Absence Accrual	(2,663)
(758)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,076)
3,931	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	(17,378)
<b>(90,810)</b>	<b>Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements</b>	<b>(196,727)</b>

**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**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
1,715	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	5,923
73,881	Any Other Items for which the Cash Effects are Investing or Financing Cash Flows	81,770
<b>75,596</b>		<b>87,693</b>

**G 8.0 Cash Flow Statement – Interest within Operating Activities**

The cash flows for operating activities include the following items:

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(967)	Interest received	(2,057)
11,347	Interest paid	11,209
<b>10,380</b>	<b>Interest within Operating Activities</b>	<b>9,152</b>

**G 9.0 Cash Flow Statement – Investing Activities**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
111,007	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	132,689
105,034	Purchase and Redemption of Short-Term and Long-Term Investments	29,178
(1,715)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,923)
(73,881)	Other receipts from Investing Activities	(81,770)
<b>140,445</b>	<b>Net Cash Flows from Investing Activities</b>	<b>74,174</b>

**G 10.0 Cash Flow Statement – Financing Activities**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(87,400)	Cash Receipts of Short-Term and Long-Term Borrowing	(11)
0	Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	1
28,419	Repayments of Short-Term and Long-Term Borrowing	15,966
<b>(58,981)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>15,956</b>

**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.

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(176)	Amgen Rhondda supplies to the Council	(176)
(9,468)	Amgen Cymru supplies to the Council	(9,566)
573	Council supplies to Amgen Cymru	586
<b>(9,071)</b>	<b>Net Expenditure</b>	<b>(9,156)</b>

**G 12.0 Debtors**

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

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
95,507	Central Government Bodies	55,307
8,201	Other Local Authorities	11,462
13,244	NHS Bodies	21,249
816	Public Corporations and Trading Funds	1,961
29,952	Other Entities and Individuals	30,162
<b>147,720</b>	<b>Total</b>	<b>120,141</b>

**G 13.0 Creditors**

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

**Short-Term Creditors**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(17,981)	Central Government Bodies	(11,566)
(17,737)	Other Local Authorities	(45,606)
(7,479)	NHS Bodies	(8,867)
(468)	Public Corporations and Trading Funds	(766)
(87,832)	Other Entities and Individuals	(68,530)
<b>(131,497)</b>	<b>Total</b>	<b>(135,335)</b>

**Long-Term Creditors**

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
(207)	Central Government Bodies	(35,594)
(2,719)	Public Corporations and Trading Funds	(2,106)
(7,209)	Other Entities and Individuals	(7,509)
<b>(10,135)</b>	<b>Total</b>	<b>(45,209)</b>

**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
<b>Balance at 1st April 2022</b>	<b>(512)</b>	<b>(996)</b>	<b>(1,508)</b>
Additional provisions made in 2022/23	0	(981)	(981)
Amounts used in 2022/23	2	1,015	1,017
Unused amounts reversed in 2022/23	0	15	15
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>(510)</b>	<b>(947)</b>	<b>(1,457)</b>

Long-Term Provision  Restated	Insurance Claims	Joint Committees	Amgen Cymru – Landfill Aftercare Restated	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1st April 2022</b>	<b>(3,049)</b>	<b>(390)</b>	<b>(9,207)</b>	<b>(12,646)</b>
Additional provisions made in 2022/23	(495)	0	0	(495)
Amounts used in 2022/23	963	(48)	38	953
Unused amounts reversed in 2022/23	0	0	0	0
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>(2,581)</b>	<b>(438)</b>	<b>(9,169)</b>	<b>(12,188)</b>

#### **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.



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**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****ANNUAL GOVERNANCE STATEMENT 2022/23****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 latest *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 The 2022/23 Annual Governance Statement also takes account of the CIPFA Financial Management Code 2019, as set out in the 'CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21' (see paragraphs 6.8.2 to 6.8.6). For information, the bulletin also covers the impact of the Covid-19 pandemic on local government bodies and the need for this to be reflected within Annual Governance Statements; in the case of Rhondda Cynon Taf, no designated section relating to the impact of Covid-19 has been incorporated into the 2022/23 Annual Governance Statement on the basis of specific arrangements introduced during the pandemic now being built into operational arrangements.
- 2.5 The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31<sup>st</sup> March 2023.

### **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 31<sup>st</sup> March 2023 (and up to the date of approval of the 2022/23 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 an Executive Summary of the findings and proposals for improvement arising from the 2022/23 assessment and Section 6 provides more detailed information, called Review of Effectiveness, for the 2022/23 financial year against the Local Code of Corporate Governance.
- 4.3 The review process has also considered the Local Code of Corporate Governance and where required, revisions have been proposed to ensure it continues to be fit for purpose. The proposed revisions will be reported for consideration alongside the 2022/23 Annual Governance Statement.

## 5. **EXECUTIVE SUMMARY**

- 5.1 RCT is responsible for putting in place proper arrangements for the governance of its affairs and to review these arrangements at least annually. The Council discharges this responsibility by having in place a Local Code of Corporate Governance and undertakes an annual assessment against this Code in the form of an Annual Governance Statement. Both the Code and Annual Governance Statement have been compiled in line with Delivering Good Governance in Local Government: Framework (2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 5.2 The Review of Effectiveness of the Council's governance arrangements are set out in detail in Section 6 and have been summarised in Table 1 across the 7 principles set out in the 2016 Framework.

Table 1 - Summary of the Review of Effectiveness

<b>Core Principles</b>	<b>Overall Assessment Conclusion</b>	<b>Proposals for Improvement Set Out In The Annual Governance Statement (AGS)</b>
A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	The Council has sound arrangements in operation, in line with its Constitution and other agreed arrangements, to promote and demonstrate high standards of behaviour of its elected Members and Officers, and to take action where instances of non-compliance are identified.	No
B - Ensuring openness and comprehensive stakeholder engagement	The Council has clear channels to enable engagement with and from stakeholders, with arrangements being in line with the law and demonstrate a commitment to openness in the delivery of its activities.  Further work is required to develop and finalise a Participation Strategy setting out how local people are encouraged to participate in decision-making by the Council.	The Council should complete its work to finalise and agree its Participation Strategy and then take the necessary steps for this to be implemented.

<b>Supporting Principles</b>	<b>Overall Assessment Conclusion</b>	<b>Proposals for Improvement Set Out In The AGS</b>
C - Defining outcomes in terms of sustainable economic, social and environmental benefits.	<p>The Council has a robust Performance Management Framework in place that uses evidenced based assessment to determine outcomes, in line with Corporate Plan priorities and are aligned to the Cwm-Taf Well-Being Plan. In-year monitoring arrangements provide holistic overviews of the Council's performance.</p> <p>Further work is required to more clearly demonstrate impact within Self-assessment and performance reporting arrangements.</p>	<p>The Council's latest Self-Assessment identified the need for continued improvement in arrangements to demonstrate the impact of its work and delivery of intended outcomes, noting the requirement for the Council to re-set its arrangements following the unprecedented impact of the Covid-19 pandemic. There is a need for the Council to build on the work to date to more clearly demonstrate impact and outcomes within its Self-Assessment and Performance Reporting arrangements and also incorporate service user information (this being an emerging finding from the Audit Wales review work undertaken in 2022/23).</p>
D - Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>Appropriate decision-making arrangements were in place during the year to review and determine interventions needed to deliver Corporate and Service priorities. These were integrated with budget setting and medium-term financial planning arrangements and progress was subject to public scrutiny via the Council's overview and scrutiny arrangements.</p>	<p>No</p>
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>The Council has well-embedded self-assessment arrangements that assess the organisation's capacity and capability to deliver council services, this being informed by a workforce strategy and underpinned by an established framework of decision-making in the form of Schemes of Delegation.</p> <p>Further work is required to review and update the Council's Contract and Financial Procedure Rules.</p>	<p>The Contract and Financial Procedure Rule documents were not reviewed during 2022/23 to consider any updates required and ensure they continue to be fit for purpose. Both documents therefore require review during 2023/24 and proposed updates signed-off, incorporated into the Council's Constitution and staff made aware of updates.</p>

Supporting Principles	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
<p>F - Managing risks and performance through robust internal control and strong public financial management</p>	<p>The Council is financial stable, supported by robust financial planning and management arrangements that underpin service delivery. A focus on strong internal controls and the management of risks, independently checked by Internal Audit and overseen by the Governance and Audit Committee, are key components of the overall arrangements.</p> <p>Further work is required to:</p> <ul style="list-style-type: none"> <li>• Further strengthen risk management arrangements, as set out in the 2022/23 Internal Audit Report 'Corporate Risk Management'; and</li> <li>• Fully cost the Council's carbon reduction action plan and ensure alignment to the Medium Term Financial Plan, as recommended by Audit Wales in its Assurance and Risk Assessment Review.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit undertook an audit assignment on the Council's Corporate Risk Management arrangements in 2022/23, concluding reasonable assurance overall, and set out recommendations to further strengthen arrangements: updating the Risk Management Strategy to include officer roles and responsibilities; Strategic risks descriptions within the Strategic Risk Register are reviewed to ensure the impact on the Council is clear; and the need to progress the compilation and roll-out of a Risk Management e-learning training module for Council officers.</li> <li>• The Audit Wales Assurance and Risk Assessment Review recommended in respect of Carbon Reduction Plans – <i>'In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure it is aligned with its Medium Term Financial Plan'</i>.</li> </ul>
<p>G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>The Council has open and transparent decision-making processes, with arrangements in place to hold decision-makers to account for service delivery and performance and the stewardship of public funds.</p>	<p>No</p>

**6. REVIEW OF EFFECTIVENESS**

- 6.1 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.
- 6.2 Each section of the Council's Local Code of Corporate Governance has been set out in Section 6 below, alongside other key governance arrangements, and a review of their effectiveness undertaken and proposals for improvement made, where deemed appropriate.

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

- 6.3.1 The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for performance, both positive and negative, and for the outcomes achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, it can demonstrate the appropriateness of decisions and actions, and have arrangements in place to encourage and ensure compliance with ethical values and to respect the rule of law.

<b>Local Code of Corporate Governance Requirements</b>	<b>Sub-Principle</b>	<b>Review of Effectiveness During 2022/23</b>
<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"> <li>• The Council's Constitution sets out the standards of behaviour expected of elected Councillors and Officers through Codes of Conduct and Rules of Procedure.</li> <li>• Committee meetings were held in line with the Council's Code of Conduct.</li> <li>• From a Council Officer perspective, local induction arrangements were in place that set out, amongst other things, expected standards of behaviour. Alongside this, an officer guide was in place and corporate Manager Briefings delivered.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
<p><u>Rules of Procedure</u> – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules.</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><u>Standards Committee</u> - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• A Standards Committee was in place, supported by a <u>Work Programme</u>, and promoted high standards of conduct in accordance with the Committee’s Terms of Reference.</li> <li>• As part of the Committee’s Work Programme, information on the outcome of investigations undertaken by the Public Services Ombudsman for Wales (PSOW) relating to RCT Elected Members and Community/Town Councillors within RCT (for whom the Monitoring Officer has responsibility) were reported. In summary, between 1<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023 there were 7 complaints made to the PSOW against Members; none of these complaints reached the investigation stage and information was published as part of the <u>18th November 2022</u> and <u>25th April 2023</u> Standards Committee meetings to ensure openness and transparency.</li> </ul>
<p>Gifts and hospitality Policy.</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• 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</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
<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"> <li>• Arrangements were in place for Comments, Compliments and Complaints to be publicly reported and scrutinised by elected Members: <ul style="list-style-type: none"> <li>○ Social Services Representations and Complaints Procedures Annual Report 2021/22 to the <u>17th October 2022</u> Cabinet meeting: <ul style="list-style-type: none"> <li>▪ Overall, the report concluded that Social Services continue to provide a robust and effective complaints procedure with the information from complaints providing valuable lessons learnt when planning and improving services to meet the needs of our customers; and</li> <li>▪ Out of 110 complaints received, 46 (or 42%) were responded to within statutory timeframes at stage 1, this being adversely impacted by the pandemic and the need to prioritise resources to frontline service delivery. Of the complaints received, 9 progressed to stage 2, 8 were referred to the Ombudsman and of these, there were no ombudsman investigations.</li> </ul> </li> <li>○ Non-social services related – an update was presented to the 15<sup>th</sup> March 2023 Governance and Audit Committee that set out 540 complaints were received during 2021/22, representing 0.1% of all customer contacts with the Council. Of the complaints received, 77.46% were responded to within 20 working days as part of stage 1 (with 75% being considered an indicator of good performance overall) and 47 complaints were referred to the PSOW, making up 0.06% of interventions from all local authorities in Wales. There were no Ombudsman investigations undertaken.</li> <li>○ The PSOW Annual Report and Letter for 2021/22 was reported to the Council's Cabinet (<u>17th October 2022</u>) and Standards Committee (<u>18th November 2022</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>'During 2021/22 51 complaints were received by the PSOW relating to this Authority (for periods 2020-2021– 40 and 2019/20 – 39). This is a 28% increase on 2020-21 levels compared against an all-Wales average of 48% increase. The total number of complaints equates to 0.21 complaints per 1000 residents. Notably this represents the third lowest total in Wales out of the 22 local authorities. 0.36 complaints per 1000 residents was the average across the 22 LA's'</i>.</li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
<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>	<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• The <u>15th March 2023</u> Governance and Audit Committee considered: <ul style="list-style-type: none"> <li>○ The Whistleblowing Annual Report 2022/23, that set out the arrangement and work undertaken during the year and concluded that the ‘<i>Council’s whistleblowing arrangements are appropriate</i>’.</li> <li>○ The Council’s updated its Whistle-blowing Policy and Procedure, that took into account updates following internal review and also Audit Wales’ feedback as part of the external auditor’s 2022/23 Assurance and Risk Assessment work. The updated Policy and Procedure was agreed by the Governance and Audit Committee subject to the incorporation of additional narrative in respect of advice to employees.</li> </ul> </li> </ul>
<p>Anti-fraud, Bribery &amp; Corruption Strategy.</p>	<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• Anti-fraud, Bribery and Corruption Strategy updates were reported to the Governance and Audit Committee during the year: a mid-year update on <u>7th December 2022</u> and on the <u>15th March 2023</u> the Anti-fraud Annual Report for 2022/23 together with a proposed work programme for 2023/24.</li> <li>• The overall conclusion set out in the March 2023 report, based on the work undertaken during the year, was that the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventative measures capable of identifying and addressing new threats. The 2022/23 Annual Report and 2023/24 Work Programme were endorsed by the Governance and Audit Committee.</li> </ul>

## 6.4 Core Principle B - Ensuring openness and comprehensive stakeholder engagement

6.4.1 Local government is run for the public good and the Council is committed to ensuring openness in the delivery of its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
<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"> <li>• The Council's website provided information on its <u>Publication Scheme</u> setting out the information published by the Council and how to access it, and also on the <u>Freedom of Information Act 2000</u> that advised residents how to request public information that the Council may hold.</li> </ul> <p><u>Freedom of Information</u></p> <ul style="list-style-type: none"> <li>• The Council received 868 Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests during the year, this being slightly less than the previous year (919). 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.</li> <li>• The Council received 8 complaints which had been referred to it by the Information Commissioner's Office (ICO). 4 related to the timeliness of requests being responded to by the Council (all of which were subsequently responded to), 2 where the ICO agreed that the Council did not hold the information, 1 where the withheld information could now be released due to the passage of time and 1 investigation still ongoing into what information is held by the Council.</li> </ul> <p><u>Public Services Ombudsman for Wales (PSOW)</u></p> <ul style="list-style-type: none"> <li>• The Ombudsman received 59 complaints relating to the Council in 2022/23 (48 in 2021/22): 48 cases where there was no investigation deemed required following review by the PSOW; 3 agreed early resolution; 7 cases referred back to be dealt with as part of the Council's complaint procedures; and 1 case on-going.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
<p>Clear and open <u>Corporate &amp; Service Specific Privacy Notices</u>.</p>	<p>Openness</p>	<p>During 2022/23 the Council demonstrated compliance with the key requirements of the UK General Data Protection Regulation and Data Protection Act 2018 by:</p> <ul style="list-style-type: none"> <li>• Having measures in place that supported compliance with legislation, including: <ul style="list-style-type: none"> <li>○ Designated roles in place such as a Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) whose roles are to provide specialist advice, information and guidance to the organisation on data protection and information risk matters; and</li> <li>○ Policy framework, Data Protection / Risk Registers alongside operational processes and procedures.</li> </ul> </li> <li>• Having an Information Management Board in place (chaired by the SIRO) that provided assurance that information risk was being properly assessed, controlled and mitigated and that key data protection legislative requirements were met.</li> <li>• Having a Cyber Security Board in place involving the Chief Executive, Deputy Chief Executive/SIRO and Service Director of ICT &amp; Digital Services that provided assurance relating to cyber security arrangements.</li> <li>• Assurance was demonstrated to both Boards through a range of mechanisms including quarterly highlight reports, review of the Corporate risk register and rating, oversight of progress against the Information Management priorities/plan and monitoring and oversight of cyber security actions.</li> <li>• Based on the governance and assurance arrangements outlined above, controls are considered to be robust and supported continuity of service delivery.</li> </ul>
<p>Forward plans for Committee meetings together with the matters to be considered, where appropriate.</p>	<p>Openness</p>	<ul style="list-style-type: none"> <li>• The Council published on its website <u>forward plans of committee meetings</u> 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.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Stakeholder engagement	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• The Council worked with public, private and voluntary organisations during the year with the overriding objective to help improve the lives of residents within the County Borough, and a number of these are set out on the <a href="#">Council's website</a>.</li> <li>• More specifically, the Council is a statutory partner within the Cwm Taf Public Services Board and actively engages within the Board to put in place arrangements to provide information and data that support the identification and delivery of regional priorities, outcomes and allocation of resources. The Cwm Taf Public Services Board completed a joint Well-being Assessment with the Bridgend Public Services Board for the Cwm Taf Morgannwg area as part of a wider transition to a Cwm Taf Morgannwg Public Services Board that will deliver the new <a href="#">Cwm Taf Morgannwg Well-being Plan</a>. These arrangements now directly correlate to <a href="#">Cwm Taf Morgannwg Regional Partnership Board</a>, with the Board managing, amongst other things, the allocation of the Welsh Government funded <a href="#">Regional Investment Fund</a> in order to help meet the health, social care and wellbeing needs of residents and a focus on its governance and engagement arrangements.</li> <li>• 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 supporting older people to stay in their homes longer, prevent unnecessary stays in hospital and to help get people home from hospital more quickly when they are well enough; using RCT Neighbourhood Network Groups developed to support the Community Hub model that works with local community groups to meet identified needs; an integrated Substance Misuse Service and Community Safety Partnership; and with Water Safety Partnership and Public Health Wales concerning insufficient water supplies due to drought conditions which are deemed to become more prevalent as a result of climate change.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Stakeholder engagement - continued	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• The Audit Wales report ‘Transformational Leadership Programme Board – Baseline Governance Review – Cwm Taf Morgannwg Regional Partnership Board’ was reported to the Council’s Governance and Audit Committee on <u>7th December 2022</u> and concluded overall that ‘...<i>Transformational Leadership Programme Board is well placed to develop stronger regional working building on the productive relationships over the past 18 months. However, it needs to ensure its planning is more integrated and long term, strengthen aspects of its governance arrangements and be more ambitious in using its combined core resources to have greater impact on the Cwm Taf Morgannwg region</i>’. A series of recommendations were included in the report that have been agreed by Management across partners along with implementation timescales.</li> </ul>
Stakeholder engagement	Engaging Stakeholders Effectively, Including Individual Citizens And Service Users	<ul style="list-style-type: none"> <li>• The Council has conducted a range of engagement activities with stakeholders via its dedicated Lets Talk RCT engagement website and also face-to-face engagement. During 2022/23 this included: <ul style="list-style-type: none"> <li>○ Lets Talk Budget – that helped inform the 2023/24 Revenue Budget Strategy in terms of the Strategy’s key building blocks, for example, council tax levels, the need for an on-going focus on delivering more efficient services and supporting the Council’s approach to the management of its Reserves.</li> <li>○ Lets Talk Climate Change, Electric Vehicles Charging Points and Wildflowers – continuous engagement to inform the Council’s programme of work to tackle climate change.</li> <li>○ A consultation that provided evidence to inform the preparation of the Council’s Local Development Plan.</li> <li>○ Lets Talk Pontypridd - consultation to help develop the placemaking plan for Pontypridd, together with specific feedback on anti-social behaviour, public conveniences and cleanliness.</li> <li>○ ‘My Day, My Way’ involvement and engagement to inform the on-going transformation of day services so that people with a learning disability have access to meaningful activity and opportunities in their own communities, including employment to achieve their personal goals.</li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Stakeholder engagement – continued	Engaging Stakeholders Effectively, Including Individual Citizens And Service Users	<ul style="list-style-type: none"> <li data-bbox="831 293 2103 512">• Audit Wales reported its Assurance and Risk Assessment Review 2021/22 to the Governance and Audit Committee on <u>7th December 2022</u> that set out, amongst other things: <i>'Implications of the Local Government and elections (Wales) Act 2021 – The Council is making good progress developing its arrangements to meet the requirements of the Local Government and Elections (Wales) Act 2021, but has not yet agreed its approach for engaging with the public'</i>.</li> </ul> <p data-bbox="831 564 1200 596"><u>Proposal for Improvement</u></p> <p data-bbox="831 635 2103 703">The Council should complete its work to finalise and agree its Participation Strategy and then take the necessary steps for this to be implemented.</p>

## 6.5 Supporting Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits.

6.5.1 The long-term nature and impact of the Council's work requires it to define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands, determining priorities and finite resources.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2022/23
The Council's Performance Management Framework – defining outcomes based on need	Defining Outcomes	<ul style="list-style-type: none"> <li>• The Council had a Performance Management Framework (PMF) in place with evidenced based assessments informing priorities and outcomes. The assessments were in the form of Public Services Board Well-being Assessment 2022 for the area and Council specific arrangements in terms of its <u>Self-Assessment</u> and individual Service Self-Assessments.</li> <li>• This has also enabled the Council to align its Corporate Plan priorities to the Cwm Taf Well-Being Plan and support compliance with its statutory reporting duties under the Well-being of Future Generations Act 2015.</li> </ul>
Corporate Plan 2020 – 2024 'Making a difference'	Defining Outcomes	<ul style="list-style-type: none"> <li>• The Council's <u>Corporate Plan 2020 – 2024 'Making a Difference'</u> sets out its Vision, Purpose and Priorities over the 4-year period together with the outcomes it aims to achieve and the key actions it will take to get there. The Council's Corporate Plan priorities are: <ul style="list-style-type: none"> <li>○ Ensuring People: are independent, healthy and successful:</li> <li>○ Creating Places: where people are proud to live, work and play: and</li> <li>○ Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.</li> </ul> </li> <li>• The Council's key documents, including the Revenue Budget Strategy, 3-year Capital Programme, Medium-Term Financial Plan and Performance Reports are aligned to its Corporate Plan, to support the delivery and monitoring of priorities and outcomes in line with available resources</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2022/23
Quarterly Performance Report (including Risk Register updates)	'Defining Outcomes' and 'Sustainable economic, social and environmental benefits'	<ul style="list-style-type: none"> <li>• The Council's quarterly Performance Reports include progress updates on the delivery of Corporate Plan priorities and also the re-introduction of performance measures, following a pause during the period of Covid-19. The updates were publicly reported to the Cabinet and the designated Scrutiny Committee on a quarterly basis during 2022/23 (<u>Quarters 1, 2 and 3</u>, with the Quarter 4 (Year-end) Performance Report scheduled to be reported to the July meetings of the Council's Cabinet and Overview and Scrutiny Committee).</li> <li>• The quarterly Performance Reports provided an holistic overview of the Council's performance through setting out updates on: the Revenue Budget, Capital Programme and Treasury Management performance; Workforce (sickness absence and turnover) information; Corporate Plan progress 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 actions being taken to enhance the Council's response to extreme weather events and delivery of its Climate Change strategy.</li> <li>• The arrangements were in line with the PMF, provided opportunity for stakeholders to hold the Council to account for its financial and operation performance and clearly set out progress against Corporate Plan priorities.</li> </ul> <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> <li>• The Council's latest Self-Assessment identified the need for continued improvement in arrangements to demonstrate the impact of its work and delivery of intended outcomes, noting the requirement for the Council to re-set its arrangements following the unprecedented impact of the Covid-19 pandemic. There is a need for the Council to build on the work to date to more clearly demonstrate impact and outcomes within its Self-Assessment and Performance Reporting arrangements and also incorporate service user information (this being an emerging finding from the Audit Wales review work undertaken in 2022/23).</li> </ul>

## 6.6 Supporting Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

6.6.1 The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Robust decision making is required to enable priorities and intended outcomes to be delivered in an efficient and effective way, and decisions reviewed on an on-going basis to ensure the achievement of outcomes is optimised.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Evidence based decision-making arrangements (New for 2022/23)	Determining interventions	<ul style="list-style-type: none"> <li>• Decision-making arrangements were in line with the Council’s Constitution, supported by evidence based and published reports that were informed by stakeholder feedback and set out information in respect of legal, equality and diversity and financial implications, and the extent of alignment with the Well-Being of Future Generations Act. Decision making was also informed by other committees, such as the Climate Change Cabinet Sub-committee and a number of decisions subject to a pre-scrutiny process (see Section 6.6.1 – Scrutiny Committees)</li> <li>• Agreed decision were incorporated within the Council’s Revenue Budget Strategy / 3-Year Capital Programme and informed Medium Term Financial Planning.</li> </ul>
Monitoring and oversight of priorities (New for 2022/23)	Planning interventions	<ul style="list-style-type: none"> <li>• Arrangements were in place during the year to plan and monitor interventions via local Service Delivery Planning that are used to update quarterly Performance Reports and specific update reports to Cabinet and / or the designated scrutiny committee, for example:               <ul style="list-style-type: none"> <li>○ <b>Corporate Plan Priority - People</b> <ul style="list-style-type: none"> <li>▪ <u>Youth Engagement and Participation Service - Overview of additional funding 2020 - 2022</u></li> <li>▪ <u>Family Engagement Officers Review</u></li> </ul> </li> <li>○ <b>Corporate Plan Priority - Places</b> <ul style="list-style-type: none"> <li>▪ <u>Ultra Low Emissions Vehicles (ULEV) Transition Plan</u></li> <li>▪ <u>Report of the Council's Recycling Performance 2021/22</u></li> </ul> </li> <li>○ <b>Corporate Plan Priority - Prosperity</b> <ul style="list-style-type: none"> <li>▪ <u>Review of Learning Support Class provision within Rhondda Cynon Taf</u> <ul style="list-style-type: none"> <li>○ <u>New Empty Homes Strategy for 2022 - 2025</u></li> </ul> </li> </ul> </li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Annual Revenue Budget Strategy and three-year Capital Programme	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• Full Council approved the 2022/23 Revenue Budget Strategy and 3-year Capital Programme (2022/23 to 2024/25) on <u>9th March 2022</u>.  <u>Revenue Budget Strategy 2022/23</u></li> <li>• The formulation of the 2022/23 Revenue Budget Strategy was informed by the Council's Service Delivery Planning process and engagement with local residents / stakeholders. Feedback from engagement included, amongst other things, 91.2% of respondents supported prioritisation of resources to schools and social services with the Council allocating 68% (£26M) of overall additional resources available to these areas (39% for social services and 29% for schools).</li> <li>• The 2022/23 Revenue Budget totalled £566.792Million, the broad objectives of which have been delivered during the year: supported the delivery of Corporate Plan priorities; retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management (see Supporting Principle F); continue the delivery of our key services and protect as many local jobs as possible; and taking 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.  <u>Capital Programme (2022/23 to 2024/25)</u></li> <li>○ The Capital Programme totalled £148.770Million and set out the capital investment priorities that will have a long-term impact on the area in terms of regeneration, infra-structure and the Council's built assets in optimising their use and benefit to local communities. This included significant on-going investment: in schools, that is improving the quality of learning environment, facilities available and building energy performance; in highways, that is supporting a trend of improvement in the condition of roads, as demonstrated by reported performance indicators; and in carbon reduction projects that is supporting reductions in energy consumption and CO2 emissions.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Medium Term Financial Plan	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• The Council has well embedded Medium Term Financial Planning (MTFP) arrangements that inform budget setting, with the approach balancing the Council priorities and strategies with affordability, to support service planning and delivery over the medium term. The MTFP was published and the Council adopted an inclusive approach to enable elected Members to review and scrutinise the position i.e. updates reported to Cabinet, full Council, Overview and Scrutiny Committee and School Budget Forum.</li> <li>• The latest MTFP (<u>July 2022</u>) set out a range of modelled 'budget gaps', these being between £30M and £36M for the 2023/24 financial year and provided an accurate and timely forecast of the scale of the budget challenge to inform budget setting arrangements for this period (the actual budget gap being £36M).</li> <li>• The Council prioritised the allocation of resources in line with its Corporate Plan: 85% of the Council's revenue budget was allocated to Corporate Plan priority areas (with the remaining 15% being in respect of Regulatory Public Services, Other Services to the public, Authority Wide costs and Core Support) (See also section 'Supporting Principle F'); and 98% of capital resources were allocated to Corporate Plan priority areas.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Scrutiny Committees	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• The Council revised its Scrutiny Structure in a report to Council in <u>May 2022</u> to ensure its scrutiny arrangements were well-placed to respond to the new requirements of the Local Government &amp; Elections (Wales) Act 2021 and increase the impact of scrutiny and reduce duplication of reporting.</li> <li>• An Overview and Scrutiny Annual Report 2022/23 was reported to and agreed at the Council's Annual General Meeting on 10<sup>th</sup> May 2023 and set out the work and impact delivered by each of the 4 scrutiny committees as well as areas for development in 2023/24. Areas scrutinised in 2022/23 included: the Council's financial and Corporate Plan performance on a quarterly basis; targeted pre-scrutiny on 'Residential Care for Older People', 'the 2023/24 Budget', 'The RCT Tree, Woodland and Hedgerow Strategy' and the 'Children's Services Residential Transformation Strategy'; contributing to consultations such as the 'Review of Parliamentary Constituencies in Wales – Boundary Commission for Wales' Initial Proposals' and the 'National Transport Delivery Plan 2022-2027'; and service specific updates such as 'Electrical Vehicle Charging Implementation Plan and associated Action Plan', 'Support to refugees, Ukraine nationals and asylum seekers in RCT', 'Update on the implementation of the Additional Learning Needs &amp; Education Tribunal Act 2018 in Rhondda Cynon Taf County Borough Council' and 'the roll-out of, Universal Primary Free School Meals'. The above areas align with the Council' Corporate Plan priorities.</li> <li>• The work of scrutiny committees was underpinned by a programme of training that included Chairing skills, questioning techniques and bespoke training specific to each Committee, and a scrutiny research facility was made available within the Council Business Unit to support Members' scrutiny responsibilities and their roles as Elected Members; such research strengthens Scrutiny Committee work programmes to ensure outcome-based topics are identified.</li> <li>• 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 undertook pre-scrutiny of the new Cwm Taf Morgannwg Well-Being Plan 2023 – 2028.</li> </ul>

## 6.7 Supporting Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

6.7.1 The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and support the achievement of intended outcomes. It must ensure it has both the capacity to deliver its priorities and for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Corporate and Service Self Evaluation process.	Developing the entity's capacity	<ul style="list-style-type: none"> <li>• The Council's <u>Self-Assessment</u> and Service Self-Evaluation arrangements review: service delivery, planning and outcomes; the management and use of resources, workforce and assets; how services work with partners; and key cross cutting themes of decarbonisation, biodiversity, Welsh language and equality and inclusion.</li> <li>• The above arrangements inform service delivery planning and the allocation of resources to ensure the Council has the necessary capacity to deliver its services and priorities. This is supported through the assessment processes evidencing: <ul style="list-style-type: none"> <li>○ A consistent track record of sound service delivery, underpinned by robust financial management and workforce planning arrangements;</li> <li>○ The development of new strategies and evolving existing strategies, based on lessons learned and in some cases regulation, to support current and future service delivery in line with the changing needs of communities, for example, <u>Residential Care Homes for Older People</u>, <u>Looked After Children: Residential Care Transformation Strategy 2022-2027</u>, <u>Digital Strategy 2022-2026</u> and <u>The Council's Tackling Climate Change Strategy 2022-2025</u>.</li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Corporate and Service Self Evaluation process - continued	Developing the entity's capacity	<ul style="list-style-type: none"> <li>○ External Regulator feedback on the Council's services, the most recent being the Estyn Report on the Council's Education Services, published <u>31st March 2023</u>, and setting out a very positive position overall.</li> <li>● The Council's assessment arrangements have also recognised the significant challenges facing it in terms of forecasted funding levels; increasing demand for services and complexity of support linked to vulnerability and levels of poverty; and recruitment and retention challenges across a number of service areas. The continuation of robust assessment, planning and monitoring / measurement arrangements will help ensure the Council continues to be well positioned to meet these challenges.</li> </ul>
Workforce Plan 2017-22.	Developing the entity's capacity	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Workforce planning 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.</li> <li>● 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.</li> <li>○ Work was completed during the year to compile a new <u>Human Resources Strategy and Council Workforce Plan 2023-28</u> to take forward priority workforce actions, this being approved by Cabinet on 23<sup>rd</sup> January 2023. As part of the updated strategy workforce planning training is to be provided for senior managers during the first half of 2023/24.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
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"> <li>• Following the 2022 Local Government Elections, a full programme of training opportunities was provided to newly elected and returning Members, and Members were surveyed on the Induction Programme to ascertain the relevance/length/content of the sessions and where, if any, improvements could be made for future induction training programmes. Overall, 87% of Members said they were satisfied with the delivery, timings and content of the training.</li> <li>• The Head of Democratic Services, supported by the Council Business Unit, has taken forward the Member Personal Development Review process with Elected Members and for the first time, includes co-opted Members. A detailed Training programme identifying training requested and how this is to be accommodated (i.e. through 1:1 training or all Member briefing sessions) is currently being developed following the information received during the meetings and will be presented to a future meeting of the Democratic Services Committee for monitoring. A report highlighting the training undertaken to date was presented to the Democratic Services Committee at its meeting in <u>27th April 2023</u>.</li> <li>• Other on-going developments include: the Members Portal, including utilising 'Member Portal Champions' to assist in the developments of the system; a <u>Member Research Draft Protocol</u> to assist Members with research requests has been developed and endorsed by the Democratic Services Committee, assisting Members in their role going forward; and Council Business Unit have assisted in the trialling and development of a climate change eLearning module and are taking part in a ARFer project to encourage the use of Welsh within the workplace.</li> </ul> <p><u>Officers</u></p> <ul style="list-style-type: none"> <li>○ During 2022/23 staff development has been supported virtually and face to face 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. There was also specific focus on health and wellbeing and the management of sickness absence.</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Schemes of Delegation	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>○ 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.</li> </ul>
Procedure Rules	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>● The Council's Constitution set out Contract and Financial Procedure Rules that provided the framework for Officers and, where required, elected Members, to operate within during the year. Internal Audit also took account of the requirements within these Procedure Rules when checking internal control compliance as part of audit assignments undertaken and reported updates to Management on exceptions (see also Supporting Principle F – Internal Audit Function).</li> </ul> <p><u>Proposal for Improvement</u></p> <p>The Contract and Financial Procedure Rule documents were not reviewed during 2022/23 to consider any updates required and ensure they continue to be fit for purpose. Both documents therefore require review during 2023/24 and proposed updates signed-off, incorporated into the Council's Constitution and staff made aware of updates.</p>

## 6.8 Supporting Principle F - Managing risks and performance through robust internal control and strong public financial management

6.8.1 It is a fundamental requirement for the Council's governance structures to support robust financial and performance management arrangements, thereby enabling efficient and effective service planning and delivery and the achievement of intended outcomes. Risk management and robust internal control are integral parts of these arrangements. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will drive financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from the Council's leaders and senior managers.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Risk Management Strategy	Managing risk	<ul style="list-style-type: none"> <li>• The Council reviewed and updated its Strategic Risk Register in 2022/23 and included 3 new risks in respect of accommodation needs for the most vulnerable people, dis-engaged learners within schools and fulfilling counter terrorism duties.</li> <li>• Strategic Risk Register updates were publicly reported on a quarterly basis during the year, as part of the Council's Performance Report, and on the <u>14th February 2023</u> the Council's Governance and Audit Committee were provided with an overview of its role in respect of risk management along with the latest version of the Strategic Risk Register. This update supported the feedback provided by Committee Members, that is, for risk management to be part its learning and development arrangements and ensures the Committee is kept abreast of and can challenge the Council's risk profile.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Risk Management Strategy – continued	Managing risk	<p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> <li>Internal Audit undertook an audit assignment on the Council’s Corporate Risk Management arrangements in 2022/23, concluding reasonable assurance overall, and set out recommendations to further strengthen arrangements: updating the Risk Management Strategy to include officer roles and responsibilities; Strategic risks descriptions within the Strategic Risk Register are reviewed to ensure the impact on the Council is clear; and the need to progress the compilation and roll-out of a Risk Management e-learning training module for Council officers.</li> </ul>
Service Delivery Planning.	Managing performance	<ul style="list-style-type: none"> <li>As set out in sections ‘Supporting Principles C and D’.</li> </ul>
Quarterly Performance Report (including Risk Register up dates).	Managing performance	<ul style="list-style-type: none"> <li>As set out in section ‘Supporting Principle C’.</li> </ul>
Corporate Performance Report (i.e. year-end annual report).	Managing performance	<ul style="list-style-type: none"> <li>As set out in sections ‘Supporting Principles C and D’.</li> </ul>
Governance and Audit Committee	Robust internal control	<p><u>Governance and Audit Committee</u></p> <ul style="list-style-type: none"> <li>The Council’s Governance and Audit Committee considered and approved an Annual Report for 2022/23 on <u>15th March 2023</u> that provided an overview of its work during the year and a self-assessment of its arrangements against the CIPFA 2018 Practical Guidance Note. The conclusions from the Annual Report were:</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Governance and Audit Committee – continued	Robust internal control	<ul style="list-style-type: none"> <li>○ The Governance and Audit Committee has reviewed and challenged a range of topic areas, including the work of Internal and External Audit, the Committee’s responsibilities as set out in the Local Government and Elections (Wales) Act 2021 and its new responsibility as agreed at the Council’s 2022 AGM in respect of reviewing and scrutinising the Council’s Treasury Management arrangements.</li> <li>○ From the review of the coverage of the Governance and Audit Committee’s work and oversight during the year, the Committee has delivered its Workplan and responsibilities in line with its Terms of Reference, and has been supported via a range of specific learning and development sessions.</li> <li>○ The outcome of the self-assessment, consistent with previous years, demonstrates that the Council has sound arrangements in place in respect of its Governance and Audit Committee, noting that a small number of new proposals for improvement were identified to further strengthen existing arrangements.</li> </ul>
Internal Audit function	Robust internal control	<p><u>Internal Audit</u></p> <ul style="list-style-type: none"> <li>● A review of information presented by the Regional Internal Audit Shared Service (RIAS) to the Governance and Audit Committee 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>○ The Internal Audit Charter 2022/23 that provided the Committee with information to assess the independence of the internal audit function.</li> <li>○ An Internal Audit Annual Plan 2022/23 and progress updates.</li> <li>○ 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> <li>○ Information on the overall assessment of Internal Audit’s work for 2022/23 is set out at paragraphs 6.11.4 to 6.11.7.</li> </ul> </li> <li>○ In compliance with the Public Sector Internal Audit Standards, an external assessment should be carried out every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils. The self-assessment was carried out in 2022 and shared with assessors in November 2022. The external assessment of the RIAS is currently in progress and is due to be completed during 2023/24.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Information Management Plan (including General Data Protection Regulation - GDPR).	Managing Data	<ul style="list-style-type: none"> <li>• 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.</li>   <li>• Audit Wales reported its Assurance and Risk Assessment Review 2021/22 to the Governance and Audit Committee on <u>7th December 2022</u> that set out, amongst other things: <i>'Digital Strategy - The Council has invested in its digital team and processes and has built on its previous digital strategy and the progress made during the pandemic to develop its new strategy and was developing its arrangements to support implementation'</i>.</li>   <li>• The Council had arrangements in place for technical and cyber assurance through secured accreditation to Cyber Essentials and work in progress for reaccreditation to the Public Service Network. During re-accreditation controls remain in place to mitigate against cyber risk. This provided assurance that the Council meets required standards for security.</li>   <li>• The Information Commissioner's Office investigated 5 personal data breaches during 2022/23 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.</li>   <li>• With regard to GDPR, this is set out in 'Core Principle B'.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.	Strong public financial management	<ul style="list-style-type: none"> <li>• The Council complied with the approved Budget and Policy Framework Procedure Rules for the 2022/23 budget setting process and was set out in the report to Cabinet on <u>27th January 2022</u>.</li> <li>• 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 2022/23 Internal Audit Plan (see paragraphs 6.11.4 to 6.11.7 for the overall outcome from the work of Internal audit during 2022/23).</li> </ul> <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> <li>• The Contract and Financial Procedure Rule documents were not reviewed during 2022/23 to consider any updates required and ensure they continue to be fit for purpose. Both documents therefore require review during 2023/24 and proposed updates signed-off, incorporated into the Council's Constitution and staff made aware of updates.</li> </ul>
Medium Term Financial Plan	Strong public financial management	<ul style="list-style-type: none"> <li>• The Council updated its MTFP and was reported to Cabinet and full Council in September 2022 and overviews to the Overview and Scrutiny Committee and School Budget Forum in November 2022, providing opportunity for scrutiny and stakeholder understanding of the Council's forecasted financial position, risks and opportunities.</li> <li>• The Council's MTFP updates have consistently supported: <ul style="list-style-type: none"> <li>• 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 (see also Supporting Principle D).</li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2022/23
Medium Term Financial Plan – continued	Strong public financial management	<ul style="list-style-type: none"> <li>• An on-going assessment and public reporting and scrutiny of reserve levels. This approach has also enabled additional one-off investment in Corporate Plan priority areas; for 2022/23 this totalled £9.825Million and were agreed by full Council on <u>28th September 2022</u> (£2.725M) and <u>8th March 2023</u> (£7.1M). The additional one-off investment, along with other allocated resources, contributed to capital expenditure investment of £135Million for 2022/23 (annual capital programme investment of over £100Million delivered for each of the past 6 financial years).</li> <li>• The setting and delivery of balanced revenue budgets.</li> </ul> <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"> <li>• Audit Wales reported its Assurance and Risk Assessment Review 2021/22 to the Governance and Audit Committee on <u>7th December 2022</u> that set out, amongst other things: <ul style="list-style-type: none"> <li>• The Council’s Financial Position – ‘<i>The Council is now facing significant financial pressures, but remains well placed to respond to these</i>’.</li> <li>• Carbon Reduction Plans – ‘<i>The Council is taking forward its plans to meet the challenge of achieving net zero carbon emissions by 2020, but recognises that further work is needed to identify resources to deliver its plans over the longer term</i>’.</li> </ul> </li> </ul> <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> <li>• The Audit Wales Assurance and Risk Assessment Review recommended in respect of Carbon Reduction Plans – ‘<i>In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure it is aligned with its Medium Term Financial Plan</i>’.</li> </ul>

### Compliance with the CIPFA Financial Management Code of Practice

- 6.8.2 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.
- 6.8.3 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.
- 6.8.4 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.
- 6.8.5 Full compliance was 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 6.8.6.
- 6.8.6 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 disciplined, robust and accountable approach to financial management and medium-term financial planning, with the Senior Leadership Team demonstrating collective responsibility for the delivery of these arrangements. There are no specific areas for improvement, save for those included within this Annual Governance Statement (see section 5, Executive Summary, for an overview of the proposals for improvement), and noting the importance of maintaining robust arrangements to support the continued effective and efficient use and management of resources through a very challenging financial outlook that lies ahead.



## 6.9 Supporting Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

6.9.1 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 2022/23
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"> <li>As set out in section 'Core Principle B'.</li> </ul>
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"> <li>Annual Reports were prepared and publicly reported to support accountability and open and transparent performance arrangements, for example<sup>1</sup>, Corporate Parenting Board Annual Report 2021/22 (<a href="#">Corporate Parenting Board 18th October 2022</a>), Annual Equality Report 2021/22 (<a href="#">Overview and Scrutiny Committee 21st March 2023</a>), Vale, Valleys and Cardiff Regional Adoption Collaborative Annual Report 2021/22 () and Young Carers Annual Report 2022/23 (<a href="#">Corporate Parenting Board 30th March 2023</a>).</li> </ul>

<sup>1</sup> 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 2022/23
Statement of Accounts.	Implementing good practices in reporting	<ul style="list-style-type: none"> <li>• 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 2021/22 financial year, was reported to full Council on <u>18th January 2023</u>.</li> <li>• During 2022/23, prior to the Council's 2021/22 audited statement of accounts being approved by full Council, key arrangements included: <ul style="list-style-type: none"> <li>○ Reporting the Council's certified draft statement of accounts to the <u>7th September 2022</u> Governance and Audit Committee 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.</li> <li>○ At the 7<sup>th</sup> September 2022 Governance and Audit Committee meeting, the external auditor, Audit Wales, provided a verbal update on the progress of the audit of the draft 2022/23 Statements of Account, feeding back that the external auditor was pleased with the quality of the Statement of Accounts produced by the Council and that no significant matters have been identified through the audit process, to date, to bring to the attention of the Committee.</li> </ul> </li> <li>• With regard to the statement of accounts process for the 2022/23 financial year: <ul style="list-style-type: none"> <li>○ The Council published a notice to confirm that its draft 2022/23 Statement of Accounts had not been certified by the statutory date of 31<sup>st</sup> 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.</li> <li>○ Governance arrangements are in place for the draft accounts to be reported to the Governance and Audit Committee 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.</li> </ul> </li> </ul>

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2022/23
Pension Fund Committee.	Implementing good practices in reporting	<ul style="list-style-type: none"> <li>The Pension Fund Statement of Accounts 2021/22 were reported to and approved by full Council on <u>23rd November 2022</u> 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 2022</u>.</li> <li>A Work Programme for the 2022/23 financial year was presented to and agreed at the <u>12th July 2022</u> Pension Fund Committee and a review of reports presented during the year demonstrated delivery of the work programme.</li> </ul>
Annual Governance Statement.	Assurance and effective accountability	<ul style="list-style-type: none"> <li>A progress update on the 2021/22 Annual Governance Statement recommendations was reported to the <u>7th December 2022</u> Governance and Audit Committee meeting. A year-end position statement is set out at <b>Appendix A</b> and demonstrates that all recommendations, and associated arrangements, have been implemented.</li> </ul>
Internal Audit external assessment and Charter.	Assurance and effective accountability	<ul style="list-style-type: none"> <li>As set out in 'Supporting Principle F', the Governance and Audit Committee reviewed and challenged a range of topic areas during the year, and delivered its workplan and responsibilities in line with its Terms of Reference. The outcome of the self-assessment demonstrates sound arrangements in place in respect of the Council's Governance and Audit Committee, noting a small number of proposals to strengthen existing arrangements.</li> </ul>

## 6.10 Other Key Governance Arrangements

### Amgen Cymru Limited

- 6.10.1 RCT 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.
- 6.10.2 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.
- 6.10.3 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.
- 6.10.4 During 2022/23 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

### Pension Fund

- 6.10.5 RCT 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.
- 6.10.6 All of these documents can be found at the following link: [www.rctpensions.org.uk](http://www.rctpensions.org.uk)
- 6.10.7 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.

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

6.10.9 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.

6.10.10 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.

6.10.11 The Pension Fund Committee met 4 times during the 2022/23 financial year.

6.10.12 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.

## 6.11 Other Key Sources of Assurance

6.11.1 The following other key sources of assurance were in place during the 2022/23 financial year.

### Chief finance Officer (Section 151 Officer)

6.11.2 The Chief Finance Officer position within the Council during 2022/23 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

6.11.3 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

6.11.4 The Head of Internal Audit has produced a Head of Internal Audit Report for 2022/23. Subject to the Governance and Audit Committee consideration at its meeting in July 2023, the Head of Internal Audit Report states:

- *from the work undertaken during the financial year 2022/23 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 2022/23 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.*

- 6.11.5 The Head of Internal Audit's Annual Report 2022/23 confirmed overall conformance to the Public Sector Internal Audit Standards. Many Council staff continued to work remotely, and systems and processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked remotely, conducting audits and obtaining evidence digitally. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.
- 6.11.6 Remote working and long term sickness did have an impact on the delivery of the Internal Audit Plan for 2022/23 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, the Internal Audit plan continued to have regard to the continuing impact caused by the pandemic and the changes that have been made to the way the Council is operating. 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 2023/24 plan.
- 6.11.7 During the year the service has had the flexibility to work from home or the office and have undertaken site visits as appropriate for each audit. The Audit team will continue to work remotely to a large extent, and each audit will continue to consider the impact of remote working to ensure adequate controls and governance arrangements are in place.

#### External Audit

- 6.11.8 Audit Wales provided updates to full Council and the Governance and Audit Committee 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
    - 23rd November 2022 - 'Audit of Accounts Report – Rhondda Cynon Taf Pension Fund'; and
    - 18th January 2023 - 'Audit of Accounts Report – Rhondda Cynon Taf County Borough Council'.
  - Governance and Audit Committee – regular Audit Wales updates were reported to the Committee and, from a Council perspective, an Officer report was presented setting out progress made to implement recommendations made by Audit Wales in respect of the Council's arrangements. This included:
    - 18th July 2022 - 'Audit Wales – 2022 Audit Plan Rhondda Cynon Taf County Borough Council' and 'Audit Wales – 2022 Audit Plan Rhondda Cynon Taf Pension Fund';

- 7th September 2022 – ‘Audit Wales Work Programme and Timetable’; Audit Wales Reports (Rhondda Cynon Taf Council specific reports: ‘Springing Forward – Strategic Asset Management’ and ‘Springing Forward – Workforce’ and all Wales report ‘Direct Payments for Adult Social Care’); and Audit Wales – verbal update on the progress of the audit of the draft Statement of Accounts 2021/22;
- 7th December 2022
  - Audit Wales Assurance and Risk Assessment Summary Report; Audit Wales – Transformational Leadership Programme Board – Baseline Governance Review – Cwm Taf Morgannwg Regional Partnership Board; and Council Progress Update – Implementation of recommendations reported by Audit Wales.
  - Council Progress Update (Officer Report) – Implementation of recommendations reported by Audit Wales.
- 15th March 2023 – Audit Wales – Annual Audit Summary 2022.

6.11.9 The Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council’s Senior Leadership Team and the Governance and Audit Committee.

## **6.12 Overall Conclusion**

- 6.12.1 Based on the review of effectiveness against the Local Code of Corporate Governance, the Council’s governance arrangements provided the basis to effectively plan, allocate and manage resources to support the delivery of Corporate Plan priorities and wider service delivery, and was underpinned by sound decision making arrangements. A small number of proposals for improvement have been made to further strengthen existing processes.
- 6.12.2 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 7.



## 7. **PROPOSALS FOR IMPROVEMENT 2022/23**

7.1 Further to completing the assessment of the Council's governance arrangements, Table 2 summarises the proposals for improvement.

Table 2 – Proposals for Improvement

<b>Core / Supporting Principle</b>	<b>Local Code of Corporate Governance Requirement</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Responsible Officer(s)</b>
B - Ensuring openness and comprehensive stakeholder engagement	Stakeholder Engagement	Further work is required to develop and finalise a Participation Strategy setting out how local people are encouraged to participate in decision-making by the Council.	The Council should complete its work to finalise and agree its Participation Strategy and then take the necessary steps for this to be implemented.	October 2023	Service Director – Democratic Services and Communication
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	Quarterly Performance Report (including Risk Register updates)	The Council's latest Self-Assessment identified the need for continued improvement in arrangements to demonstrate the impact of its work and delivery of intended outcomes, noting the requirement for the Council to re-set its arrangements following the unprecedented impact of the Covid-19 pandemic.	There is a need for the Council to build on the work to date to more clearly demonstrate impact and outcomes within its Self-Assessment and Performance Reporting arrangements and also incorporate service user information (this being an emerging finding from the Audit Wales review work undertaken in 2022/23).	From September 2023	Senior Leadership Team

Core / Supporting Principle	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	Developing the capability of the entity's leadership and other individuals	The Contract and Financial Procedure Rule documents were not reviewed during 2022/23 to consider any updates required and ensure they continue to be fit for purpose.	Both documents should be reviewed during 2023/24 and proposed updates signed-off, incorporated into the Council's Constitution and staff made aware of updates.	January 2024	Service Director – Finance and Improvement Services (FPRs) and Head of Procurement (CPRs)
F - Managing risks and performance through robust internal control and strong public financial management	Risk Management Strategy	<ul style="list-style-type: none"> <li>Internal Audit undertook an audit assignment on the Council's Corporate Risk Management arrangements in 2022/23, concluding reasonable assurance overall, and set out recommendations to further strengthen arrangements: updating the Risk Management Strategy to include officer roles and responsibilities; Strategic risks descriptions within the Strategic Risk Register are reviewed to ensure the impact on the Council is clear; and the need to progress the compilation and roll-out of a Risk Management e-learning training module for Council officers.</li> </ul>	Further strengthen risk management arrangements, as set out in the 2022/23 Internal Audit Report 'Corporate Risk Management.	September 2023	Service Director – Finance and Improvement Services

Core / Supporting Principle	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)
F - Managing risks and performance through robust internal control and strong public financial management – continued	Medium Term Financial Plan	<ul style="list-style-type: none"> <li>The Audit Wales Assurance and Risk Assessment Review recommended in respect of Carbon Reduction Plans – <i>'In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure it is aligned with its Medium Term Financial Plan'</i>.</li> </ul>	Fully cost the Council's carbon reduction action plan and ensure alignment to the Medium Term Financial Plan, as recommended by Audit Wales in its Assurance and Risk Assessment Review.	October 2023	Deputy Chief Executive and Group Director – Finance, Digital and Frontline Services and Director of Corporate Estates

7.2 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: \_\_\_\_\_

A. Morgan

Chief Executive: \_\_\_\_\_

P. Jones

## APPENDIX A

## ANNUAL GOVERNANCE STATEMENT 2022/23 – YEAR-END POSITION STATEMENT

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2022/23
<b>Supporting Principles:</b>  <b>C: Defining outcomes in terms of sustainable economic, social and environmental benefits; and</b>  <b>D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>  <b>Paragraph 5.12.1</b>	Corporate Plan and Service Delivery Plans	The collection and reporting of performance 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	Revised Timescale – November 2022  Completed (key performance indicator information included and published within the Council's Quarter 2 Performance Report. Quarterly updates to be reported during 2022/23 to Cabinet and the Overview and Scrutiny Committee)
	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	Completed  Risk Register updated and included within the Council's Quarter 1 Performance Report. Quarterly updates to be reported during 2022/23 to Cabinet and the Overview and Scrutiny Committee

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2022/23
<p><b>Supporting Principle:</b></p> <p><b>F: Managing risks and performance through robust internal control and strong public financial management</b></p> <p><b>Paragraph 5.14.1</b></p>	<p>Audit Committee and an Internal Audit function.</p>	<p>The Governance and Audit Committee'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 Governance and Audit Committee is available for elected Members.</p>	<p>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.</p>	<p>September 2022</p>	<p>Service Director – Finance and Improvement Services</p>	<p>Revised Timescale – November 2022</p> <p>Completed (key performance indicator information included and published within the Council's Quarter 2 Performance Report. Quarterly updates to be reported during 2022/23 to Cabinet and the Overview and Scrutiny Committee)</p>

<b>Core / Supporting Principle (Paragraph)</b>	<b>Local Code of Corporate Governance Requirement</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Responsible Officer(s)</b>	<b>Year-end Position Statement 2022/23</b>
<b>Supporting Principle:</b>  <b>F: Managing risks and performance through robust internal control and strong public financial management</b>  <b>Paragraph 5.14.1</b>	Audit Committee and an Internal Audit function.	The Governance and Audit Committee'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.	From September 2022	Service Director – of Democratic Services and Communication	Completed (Update to be reported to the 7/12/22 Governance and Audit Committee)
		No on-line library of learning and development information in respect of role / responsibilities of Governance and Audit Committee 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.	From November 2022	Service Director – of Democratic Services and Communication	This is an on-going programme of work

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2022/23
<p><b>Supporting Principle:</b></p> <p><b>F: Managing risks and performance through robust internal control and strong public financial management</b></p> <p><b>Paragraph 5.14.6</b></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>Completed (as part of compiling the 2022/23 Annual Governance Statement).</p> <p>Updated Local Code of Corporate Governance reported to the 4<sup>th</sup> July 2023 Governance and Audit Committee</p>

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2022/23
<p><b>Supporting Principle:</b></p> <p><b>F: Managing risks and performance through robust internal control and strong public financial management</b></p> <p><b>Paragraph 5.14.6</b></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>	<p>Completed and noting that this will be an on-going programme of work</p> <p>(e.g. 'Treasury Management' training session delivered (7/9/22) and 'Introduction to Local Government Finance' session delivered (3/10/22))</p>



<b>Core / Supporting Principle (Paragraph)</b>	<b>Local Code of Corporate Governance Requirement</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation</b>	<b>Responsible Officer(s)</b>	<b>Year-end Position Statement 2022/23</b>
<p><b>Principle:</b></p> <p><b>F: Managing risks and performance through robust internal control and strong public financial management</b></p> <p><b>Paragraph 5.14.6</b></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 (MTFP) 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>	September 2022	Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services	<p>Completed</p> <p>The Council's MTFP was updated in line with the recommendation and reported to Cabinet (26/9/22) and full Council (28/9/22)</p>

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## **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 31 March 2023 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 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 2022-23.

In my opinion the financial statements:

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

### **Basis of opinion**

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

My staff and I are independent of Rhondda Cynon Taf County Borough Council and the Rhondda Cynon Taf County Borough 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 its group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other Information**

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

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

I have nothing to report in this regard.

### **Opinion on other matters**

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

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

## **Matters on which I report by exception**

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

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

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

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

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

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

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

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

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

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

My procedures included the following:

- Enquiring of management, the Council's Chief Internal Auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Council's 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;
- Obtaining an understanding of Rhondda Cynon Taf County Borough Council and its Group's framework of authority as well as other legal and regulatory frameworks that the Council and its Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Council.
- Obtaining an understanding of related party relationships.

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

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

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

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

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

### **Other auditor's responsibilities**

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

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Rhondda Cynon Taf County Borough Council and its 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  
29 November 2023

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

## **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 1<sup>st</sup> April and finishes on 31<sup>st</sup> 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.