

Statement of Accounts 2021/22



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Introduction



Swansea Council is located on the South Wales Coast and is one of twenty two current unitary local authorities providing local government services in Wales.

The area of the Council includes the Gower peninsula, designated as Britain's first area of outstanding natural beauty.

Approximately 246,600 people live within the boundaries of the Council of which:

- 41,600 are aged under 16
- 56,500 are of pensionable age
- 23,000 are aged 75 years and over



The County has a mixed agricultural and industrial economy. The City sits at the mouth of the River Tawe, from which its Welsh name, Abertawe, derives.

This Statement of Accounts is one of a number of publications, which include the revenue and capital budgets, produced to comply with the law and designed to provide information about the Council's financial affairs.

Copies of these accounts can be obtained from:

Director of Finance & Section 151 Officer
Swansea Council
Guildhall
Swansea
SA1 4PE

Narrative Report

Services

The Council provides a range of services, supporting local communities and improving the lives of local people, some of which are shown below.

Corporate Services	Finance
Corporate Management Team Support	Financial Strategy
Corporate Communications and Marketing	Accountancy Services
Design Print Unit	Internal Audit
Corporate Customer Services Unit	Housing Benefits
Overview & Scrutiny function	Council Tax
Democracy, Member and Mayoral Services	Business Rates
Web Development	Procurement & Commercial activities
Performance & Delivery function	
Legal Services	
Coroners Service	
Human Resources & Organisational Development	
Emergency Management Services Unit	
Digital Services & Transformation	
Social Services	Education
Child protection and family support	Primary, secondary and special schools
Support to enable vulnerable people to live independently	Education improvement
Long-term and short-term residential care	School meals
Poverty and prevention	School transport
Community safety	Special Education Needs
Early intervention	Education Planning and Resources
Partnership, performance & commissioning	
Tackling poverty	
Lifelong learning and young peoples' services	
Place	Housing Revenue Account (HRA)
Waste management	Landlord Services
Refuse collection & recycling	Strategic Housing
Street cleaning	
Highways	
Street lighting	
Land drainage & coast protection	
Road safety	
Car parks	
Sewerage services	
Property and building services	
Culture, sport, leisure and tourism	
Planning and city regeneration	
Public protection and housing services	
Bereavement services	

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Democracy

The Council had 72 elected councillors for 2021/22 (increasing to 75 in 2022/23) from a range of political groups who are the Council's decision makers, agreeing policies and spending priorities.

The Council Constitution is the framework that sets out how the Council operates and how decisions are made together with the procedures which are followed to ensure that decisions and functions are efficient, transparent and accountable to the people of Swansea. The Council annually selects a Lord Mayor to perform a civic role and promote the city. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services.

The role of Cabinet is to:

- provide leadership,
- be responsible for most major decisions,
- propose the budget framework and subsequent budget.

Scrutiny will act as a 'critical friend' to Cabinet and other decision makers to promote better services, policies and decisions. The role of Scrutiny is to hold the Cabinet members to account, to be the voice of the public and to help drive improvement of the Council's public services.

Regulatory and other committees support the delivery of Council services. The Governance and Audit Committee reviews and scrutinises the Council's financial affairs and makes reports and recommendations in relation to the Council's financial affairs. The Governance and Audit Committee is responsible for reviewing the Statement of Accounts. Council is responsible for approving the Statement of Accounts.

The Corporate Management Team (CMT) is led by the Chief Executive and includes Directors and the Chief Legal Officer (and Monitoring Officer).

The Corporate Management Team are responsible for:

- providing impartial advice on policy to all Members,
- implementing decisions of Cabinet and Council,
- delivery of services and performance.

Corporate Plan

Swansea Council published its Corporate Plan in 2017 as required by the Well-Being of Future Generations (Wales) Act 2015, which included a summary of its Well-being Statement and key priorities, known as 'Well-being Objectives'.

The Corporate Plan and Well-being Objectives have been reviewed and refreshed for 2022/23.

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There will be a further review of the Council's Corporate Plan for the next five years 2022/27 following local government elections in May 2022 and the appointment of a new permanent Chief Executive.

The Council has prioritised six Well-being Objectives.

These are:

- **Safeguarding** people from harm - so that our citizens are free from harm and exploitation.
- Improving **Education & Skills** - so that everyone in Swansea gains the skills and qualifications they need to succeed in life.
- Transforming our **Economy & Infrastructure** - so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens.
- **Tackling Poverty** - so that every person in Swansea can achieve his or her potential.
- Delivering on **Nature Recovery and Climate Change** - so that we maintain and enhance nature and biodiversity in Swansea, reduce our carbon footprint and tackle climate change.
- **Transformation & Future Council** development - so that we and the service that we provide are sustainable and fit for the future.

The 'Delivering on Nature Recovery and Climate Change' objective is new for 2022/23 and is a development from the previous Well-being Objective 'Maintaining and enhancing Swansea's natural resources and biodiversity'.

This new Well-being Objective has been adopted to place particular emphasis on addressing the long-term challenges arising from climate change and the threat to biodiversity; following Welsh Government declarations for Wales, the Council has declared both a Climate Emergency and a Nature Emergency, which will be responded to through this Well-being Objective.

Corporate Risks

The annual review of Corporate Risks by Corporate Management Team (CMT) took place on 14th May 2021. The Council's Corporate Risks in 2021/22 are aligned to the Council's Well-being Objectives. They are those risks that, should they come into effect, would have an impact on the whole of the Council and would have a detrimental impact on the ability of the Council to achieve its priorities and objectives.

As at the time of writing, the Council's Corporate risks are:

- Safeguarding.
- Availability of Domiciliary Care.
- WCCIS.
- Covid-19.
- Covid-19 (Social Services).
- Financial Control - MTFP aspects of Sustainable Swansea.
- Achieving Better Together - transformation programme delivery.
- Achieving Better Together - recovery.
- Reducing and Tackling Fraud.
- Local economy and infrastructure.

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- Pupil attainment and achievement.
- Workforce strategy.
- Digital, data and cyber security.
- Oracle Fusion.
- Emergency planning, resilience and business continuity.
- Health & Safety.
- New legislative and statutory requirements.
- Regional working.

As at the time of writing, the following Corporate Risks were removed (closed or de-escalated) from the list of Corporate Risks during 2021/22:

- Supply of construction materials (now to be supplanted by a wider inflation/supply side risk)
- Post EU exit.
- Tax Evasion.
- Sustainable Swansea Transformation Programme Delivery.

A monthly review of risk took place at CMT during 2021/22 and a monthly/quarterly report provided, which sets out:

- Number of new risks added to the Risk Register.
- Number of risks deactivated from the Risk Register.
- Numbers of Red, Amber and Green status risks.
- Number and percentage of risks not recorded as being updated.
- Number of risks increased/decreased from Red status.
- Number of risks escalated/de-escalated.
- Number of risks where a response is missing or projected completion date has expired.

The details of risks in all categories are included in the report.

The Governance and Audit Committee has continued to receive a quarterly report and overview on the overall status of risk in the Council during 2021/22. This report coincides each quarter with Directors attending the committee on a rotational basis to present on their internal control environment, including risk management.

Work has continued during 2021/22 to improve compliance to the Council's Risk Management Framework. Training specifically on Control Measures took place at Leadership Team (Directors, Heads of Service and some other senior managers) as planned on 25th May 2021.

A video based on the Leadership Team training was created and uploaded, which is now directly accessible through the Risk Register along with all other videos provided on risk management and on using the Risk Register. The video has also been signposted to all Directors, Heads of Services and responsible officers and reminders to review and revise control measures in line with the training and video have also been issued each month since June 2021. In addition, Control Measures and changes to Control Measures in the Corporate Risks have been reviewed and feedback/advice on improving them has been provided to responsible officers.

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Internal Audit continue to review the Council's Risk Management arrangements each year in order to provide assurance to the Governance and Audit Committee. Corporate and Social Services risk management arrangements, with a particular focus on Control measures, were reviewed during 2021/22.

Corporate Performance

This Council reports performance results each quarter and annually delivering the Council's Well-being Objectives that are described in the Corporate Plan. The outturn for 2021/22 was reported in July 2022; a fuller self-assessment of performance now required under Part 6 of the Local Government & Elections Act 2021 will be fully published in January 2023 after a wider consultation, scrutiny process and governance and audit review.

The Council has prepared for the new performance arrangements introduced by Part 6 of the Local Government & Elections Act by:

- Developing and issuing a self-assessment tool adapted from the tool developed by the Future Generations Commissioners Officer for return with performance data, providing an assessment of progress delivering the Council's Well-being Objectives for 2021/22.
- Issuing statements to Directors for self-assessment and assurance on governance and performance arrangements during 2021/22.
- Public consultation underway on the extent the Council is meeting the new performance requirements.

The information will be used in conjunction with other evidence to develop the first self-assessment report for 2021/22, which will be incorporated with the annual Well-being report to be published in January 2023.

The ongoing Covid-19 pandemic has brought huge challenges and changes to the Council, its services and workforce. The Council has never undertaken such change in such a short timescale and in such challenging circumstances. A number of non-essential services were partly suspended during 2020/21 and 2021/22 in order to redeploy resources to areas where they were most needed.

This inevitably has had a significant impact on the usual areas of performance across the Council and that is why targets for performance indicators were not set for 2020/21 and 2021/22, although comparisons between the same periods of the preceding years were retained.

This has been an unprecedented time and the Council's response to the pandemic, whilst not necessarily reflected in the established performance indicators, has been extraordinary.

In summary, since March 2020 the Council has transformed the way it works to manage the impact of the pandemic. Thousands of staff were successfully mobilised to work remotely and/or from home within a matter of weeks. This took a massive effort from our ICT team to provide the necessary changes enabling staff and councillors to have full network links at their preferred location.

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Other changes include:

- Supporting the Welsh Government's Shielding Programme by setting up a new call centre and providing daily support to thousands of vulnerable people.
- Focusing social services care on the most vulnerable, re-opening a care home and supporting the private care sector.
- Overseeing the planning and construction of the Bay Field Hospital on Fabian Way.
- Remodelling schools into care settings for key workers' children.
- Providing meals to care settings and delivering free school meals.
- Providing food banks across the city and county.
- Providing financial support in excess of £100 million to thousands of businesses.
- Setting up a Track, Trace and Protect function and providing community testing centres.
- Prepare for mass vaccination in our communities.

The performance results for 2021/22 when available, should therefore be considered within this wider context, the ongoing pandemic and achievements noted.

Internal Audit reviewed the Council's Performance Management arrangements during 2021/22 and provided a 'high' level of assurance, which is the maximum level of assurance available.

Financial Performance

We incur two main types of expenditure – revenue expenditure and capital expenditure.

Revenue expenditure covers spending on the day to day costs of our services such as staff salaries and wages, maintenance of buildings and general supplies and equipment. This expenditure is paid for by the income we receive from Council taxpayers, business ratepayers, the fees and charges made for certain services, and by the grants we receive from Government.

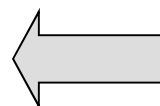
Capital expenditure covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing, capital grants and the sale of fixed assets. Amounts borrowed for capital purposes are repaid in part each year as part of our revenue expenditure.

Sources of borrowing utilised include the Public Works Loan Board (PWLB) and capital markets. The PWLB is a Government agency which provides longer-term loans to local authorities.

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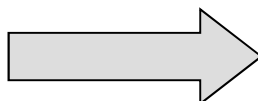
Revenue spending in 2021/22

	£'m	%
Revenue support grant	274.3	29
Non domestic rates	82.9	9
Council tax	137.7	15
Other income (rents, fees and charges, specific grants)	441.1	47
	936.0	100



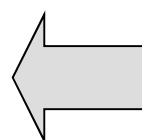
Where our money comes from

What we spend it on



	£'m	%
Employees	428.7	46
Capital charges	41.2	4
Running costs	382.0	41
Precepts/Levies	42.9	5
Reserve transfers	41.2	4
	936.0	100

	£'m	%
Corporate Services	33.3	3
Finance	84.9	9
Social Services	229.9	25
Education	279.4	30
Place	249.5	27
Housing Revenue Account (HRA)	38.7	4
Reserve transfers	41.2	4
Other	-20.9	-2
	936.0	100



And the services it provides

The reserve transfers of £41.2m are the revenue reserve transfers in 2021/22 which include the General Fund, Housing Revenue Account and Earmarked Reserves.

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Authority services

The net directorate expenditure for 2021/22 was £425.625m against a revised budget of £445.774m. The revenue outturn position of the Authority for 2021/22 resulted in a decrease in expenditure on services of £20.149m compared to adjusted budget, boosted especially by recovery of one off settlements of covid related spending, compensation for income losses and additional grant support from the Welsh Government. In addition, the revenue outturn position reflects a further £0.794m of one off expenditure on an invest to save basis, that was partly met from the Authority's contingency and restructuring funds primarily to fund early retirement and voluntary redundancy costs as the Authority seeks to reduce its underlying operating costs and adjust to potential future grant levels. The bulk of planned contingency was therefore not used and taken with centrally managed sums received boosted the outturn by a further £20.373m.

The underlying spend on Services reflects forecast and known pressures, across all directorates, but especially within Social Services and Schools budgets, which have been partly reflected in 2022/23 budget proposals.

The 2021/22 budget proposals continued to be overtaken by events given the Covid-19 pandemic and short term spending increased substantially, savings plans put on hold, and service income was materially lower than forecast across all Council functions. For 2021/22 this has again been recompensed by substantial Welsh Government support. Continuation of support into 2022/23 is limited. The Council has prudently rolled forward another £25m of service underspending in the locally funded Recovery Fund (earmarked revenue reserve) to pump prime recovery activity for 2022/23 and into 2023/24. The longer term financial outlook remains incredibly uncertain for the Council especially given growing inflationary pressures.

Other budget variations

Other budget savings during the year arose from reductions in capital repayments and interest charges (£6.195m). The MRP (Minimum Revenue Provision) Policy was reviewed in 2018/19 and Council approved a change in MRP Policy which helped lower capital repayment charges in the short to medium-term. In line with the Council's agreed reserve policy, the whole capital financing underspend has been transferred to a capital equalisation reserve.

For all supported borrowing, including capital expenditure incurred before 1st April 2008, the charge to revenue will be over 40 years by the straight line method, which is commensurate with the average of existing asset useful economic lives. In essence this replaces the 4% reducing balance method with a 2.5% straight line method. This can be considered a more prudent approach than the current provision because it introduces a more certain period for eliminating the debt liability in full.

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Housing Revenue Account

The Housing Revenue Account of the Authority is a ring fenced account dealing exclusively with income and expenditure arising from the Authority's housing stock. For 2021/22 there was a net decrease in HRA reserves at year end of £1.005m (2020/21 net increase £0.903m). Total income for the year was £70.238m, which funded revenue expenditure of £32.599m. In addition, this was also offset against other adjustments and contributed towards the Capital Programme £38.644m. In total, £44.777m (2020/21 £43.006m) Capital was spent on HRA properties and a breakdown of both Revenue and Capital income and expenditure can be found on pages 153 to 156.

Details of the annual Revenue, Capital and HRA outturn reports can be found on the agenda of the Council's Cabinet for the meeting on 21st July 2022.

Covid-19

The following table sets out the additional costs identified as incurred during the year as a result of the Covid-19 pandemic together with the funding received from Welsh Government. Not all of the additional costs incurred by the Authority were eligible for funding from the Welsh Government. Some of these costs related to "local decisions" made by the Authority and others as a result of Welsh Government determining and applying its eligibility criteria.

	Costs/Loss of Income 2021/22 £'000s	Grant Income 2021/22 £'000s
Services	33,960	32,500
Corporate	35,771	34,474
Agency on behalf of Welsh Government	19,771	19,771
	89,502	86,745
	2020/21 £'000s	2020/21 £'000s
Services	51,086	46,171
Corporate	37,615	37,754
Agency on behalf of Welsh Government	104,826	104,826
	193,527	188,751

The costs and income for Services and Corporate are included in the Authority's figures and are therefore within the figures disclosed in the Comprehensive Income and Expenditure Statement. Where the Authority is acting as Agent on behalf of Welsh Government the figures are excluded from the Authority's figures. Please see disclosure note 31 for more information.

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Capital spending in 2021/22

	£'000
External borrowing	48,564
Government grants	59,732
Other grants/contributions	4,059
Capital receipts	6,079
Revenue and reserves	32,260
Spend to be financed in 2022/23	-5,346
	145,348

Where our money comes from

What services we spend it on

Some of the assets it provided

	£'000
Corporate Services	1,593
Finance	75
Place Services	124,783
Education	18,064
Social Services	833
	145,348

	£'000		£'000
Education		Palace Theatre	1,004
Tan-y-Lan primary	3,996	Copper Powerhouse	2,827
YGG Tirdeunaw primary	5,509	Wind Street improvements	2,318
YG Gwyr secondary school extension	1,714	Housing (General Fund)	
Bishopston Comprehensive refurbishment	4,404	Housing Disabled Facilities Grants	3,844
Place Services: Housing (HRA)		Highways and Transportation	
HRA More Homes programme	12,713	Carriageways & Footways	4,344
HRA refurbishment (includes kitchens and bathrooms)	12,140	Local Transport Fund	2,873
HRA Adaptation works	2,601	Active Travel schemes	4,736
HRA Wind & Weatherproofing (includes High-rise flats)	5,845	Vehicle replacements	854
HRA landscaping and enhancement	6,595	Other Services	
Economic Development		Capital Maintenance, including Schools	7,003
71-72 Kingsway Offices	2,507	Community Play schemes	873
City Centre Redevelopment - Swansea Central Phase 1	32,855	Corporate Services	
Transforming Towns placemaking schemes	1,683	Agile and mobile IT equipment	714
Community Hub (former BHS)	2,446		

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Provisions and Reserves

The Authority maintains a number of provisions and reserves. Provisions are disclosed in Note 21 on pages 100 and 101. The information regarding reserves are disclosed in the Movement in Reserves Statement on pages 31 to 35 and Note 10 on page 79.

Provisions are amounts included in the accounts as liabilities where there has been a past event which is likely to result in a financial liability but where there is uncertainty over timing and the precise value of the liability that has been incurred. It is therefore the Authority's best estimate of the financial liability as at 31st March 2022.

The Council holds Earmarked Reserves for specific purposes, together with a level of General Reserves which are available to support overall Council expenditure. However, due to the nature, size and complexity of the Council's operations, and in particular the potential for short term volatility in terms of elements of income and expenditure, it is prudent to maintain a level of General Reserves sufficient to meet anticipated and known financial risks.

At the end of the year, the Authority's revenue reserve balances amounted to £191.934m (2020/21 £150.754m).

International Accounting Standard 19 Employee Benefits (IAS 19)

The Accounts comply with the requirements of the above standard in that they reflect in the revenue accounts the current year cost of pension provision to employees as advised by the Authority's actuary. The Statements also contain, within the Balance Sheet, the actuary's assessment of the Authority's share of the Pension Fund liability as at 31st March 2022 and the reserve needed to fund that liability.

The pension fund liability that is disclosed within the Balance Sheet is the total projected deficit that exists over the expected life of the fund. This deficit will change on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2021/22 relates to the valuation undertaken on 31st March 2019.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation. The Department for Communities and Local Government legislated for a new scheme which commenced in April 2014 which was designed to have a material and beneficial effect on the projected cost of the scheme over future years.

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The Pension Fund Deficit at 31st March 2022 is £714.623m (31st March 2021 £961.094m).

Group Accounts

Group Accounts are prepared where Local Authorities have material interests in subsidiaries, associated companies and joint ventures. Group Accounts have been prepared to include the National Waterfront Museum and the Wales National Pool. The Group Accounts comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and associated disclosure notes.

Changes in the form and content of the Statement

The Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. The code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement also complies with the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2018.

During the year, the Authority has changed the internal management reporting structure. The reporting segments in the Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statement, Group Comprehensive Income and Expenditure Statement and the note to the Expenditure and Funding Analysis have been amended to reflect the new internal management reporting structure. The main statements and disclosure notes for 2020/21 have been restated to reflect the changes.

The 31st March 2021 Balance Sheet and Group Balance Sheet have been restated to correct prior period errors. There was no impact on Net Assets or Total Reserves. There were adjusting entries between the Revaluation Reserve and the Capital Adjustment Account.

The 2020/21 figures have been restated to correct historical cost depreciation adjustments between the Revaluation Reserve and the Capital Adjustment Account. Where practicable, for periods after 2011/12 (2016/17 for Council Dwellings), historical cost depreciation has been adjusted by £740k with the remaining to be adjusted on a rolling programme basis. For prior periods an adjustment of £141,763k has been made to reset the Revaluation Reserve to nil.

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A housekeeping exercise has resulted in 2020/21 figures being restated between the Revaluation Reserve and the Capital Adjustment Account, with a movement of £18,374k relating to prior year additions (from 2006/07 onwards) and some correction of errors totalling -£66k.

Please see pages 103 and 104 for information on the prior period errors.

Financial Statements

The main elements of this Statement of Accounts comprise:-

- * The Expenditure and Funding Analysis which shows how annual expenditure is used and funded from resources by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.
- * The Comprehensive Income and Expenditure Statement, which shows the income from, and spending on, Authority services for the year. It also shows how much money we get from the Welsh Government, business ratepayers and Council taxpayers together with the net deficit/surplus for the year.
- * The Movement in Reserves Statement, which shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- * The Balance Sheet, showing a snapshot of the Authority's financial position at the 31st March 2022.
- * The Cash Flow Statement, which shows transactions for the year on a cash basis rather than on an accruals basis.
- * The notes to the accounts, incorporating the main accounting policies, which show the basis on which we have prepared the accounts and the accounting principles the Authority has adopted. The notes also offer further analysis of items appearing in the main financial statements.
- * The Housing Revenue Account (HRA) Income and Expenditure Statement, which shows income from, and spending on, Council housing for the year. This account is stated separately as required by statute although the overall results are incorporated into the Authority's Comprehensive Income and Expenditure Statement.
- * The Group Accounts, which show the consolidated accounts of the Authority and its group companies.

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- * The Certificate and Statement of Responsibilities of the Chief Finance Officer who is the responsible officer for the production of the statement.
- * The Annual Governance Statement, which gives an indication of the arrangements for and effectiveness of internal control procedures within the Authority.
- * The auditor's opinion and certificate relating to the Statement of Accounts.

Financial outlook for the Authority.

On the 3rd March 2022 the Authority approved a medium term financial plan which highlighted potential revenue shortfalls (savings required and council tax increases) rising from £11.6m in 2023/24 to £38.7m in 2025/26 reflecting expected modest future cash increases to cash settlements and a planning assumption of 3-7% rises needed in council tax in all future years of the medium term plan. Net cash investment was forecast in all scenarios but after growth and especially inflation is taken into account unless grant rises faster than assumed, real term cuts are still likely to persist. If grant rises were maintained at recent trajectories there would be likely additional real terms funding to invest in services.

That report also contained a range of potential future savings options including continued focus on a range of reviews linked to the Recovery Plan "Achieving Better Together" as the pace and scale of transformative change needed to fit to forecast reducing real terms resources levels continues. This will be significantly assisted by the creation at outturn, from predominantly planned and managed underspends, of a further £25m to the locally funded Economic Recovery Fund.

Notwithstanding the information contained within the medium term financial plan, it is clear that the financial outlook for the Authority is hugely dependent upon the scale of Central Government funding and support for both Revenue and Capital expenditure. The Authority is likely to still be under pressure in real terms in the medium term, despite UK Government comments indicating an end to austerity. The Comprehensive Spending Review 2021 is looking rather dated already given the especially pronounced current and medium term inflationary outlook. Equally the Authority continues to have ambitious plans to invest substantially in its capital infrastructure, a significant part of which will need to be financed from its own revenue resources, as well as from wider stakeholders including, but not limited to, the Swansea Bay City Region Deal.

Whilst overall levels of total funding available for 2022/23 and the 2 years beyond have been announced, current indications are that continued medium term reduction in real terms funding is very likely when price, pay and demand pressures are factored in. If the additional cash funding increases for 2022/23 are replicated, then there will be investment and service enhancement choices to be made. The Authority is already undertaking work to plan for all scenarios.

Narrative Report

The Authority continues to face a challenging agenda following the introduction of an equal pay compliant pay and grading structure, development of regional partnership arrangements in line with Welsh Government policy, and compliance with any legislative and other changes, especially around the Local Government and Elections (Wales) Act 2021, the Wellbeing of Future Generations, the Environment Act, the Socio Economic Duty and Education Additional Learning Needs.

Local Government regionalisation, driven by the Welsh Government and Local Government collectively, will continue to evolve and change. Whilst a range of future options remain, there is continued expectation of a degree of likely increasing mandatory regional working on a range of services, though with local discretion, in the future especially through the now established Corporate Joint Committees.

At this stage, it is still too early to form a view as to the overall impact of these proposals, nor what any final outcome may eventually be, but is clearly of some significance for the Authority as a whole.

Intrinsically linked to part of this regionalisation agenda is the shared vision between four councils (including Swansea), the Welsh Government, the UK Government and other public sector partners (NHS, University sectors) as well as the private sector in delivering the £1.3bn Swansea Bay City Region deal. Overall funding obligations for the Council and delivery expectations will become clearer as the City Deal project develops. The announced acceleration of the UK Government funding to a 10 year rather than 15 year funding cycle will help with cash flow and initial borrowing costs.

Furthermore there may be impact as a result of ongoing options around the proposed Swansea Bay Tidal Lagoon project. Whilst the UK Government has formally decided not to proceed, this Council and a range of stakeholders remain committed to explore all alternative delivery models and vehicles. Whilst it does not manifestly directly involve the Local Authority in the same way as the city region deal, nonetheless it offers a scale and significance to the local area and economy whose potential impact ought to be initially recognised.

The UK left the European Union on 31st January 2020 and entered into an eleven month long transition period, which ended on 31st December 2020 with a trade deal between the UK and EU. The trade deal provides for free trade in goods and limited mutual market access in services, as well as for cooperation mechanisms in a range of policy areas, transitional provisions about EU access to UK fisheries, and UK participation in some EU programmes.

The full impact of the UK exit from the EU is still to be determined. On 12th February 2021 Welsh Government published a guidance document on what the Trade and Cooperation Act means for Wales. The document tries to set out in an objective way what has changed since we left the transition period at the end of December 2020 and to signpost businesses and citizens to further information.

Narrative Report

Throughout the whole financial year the Authority, in line with actions around the whole world, was repurposed to respond to the growing Covid-19 pandemic as an emergency responder to save lives and keep essential services running. The pandemic position remains fluid and ongoing. There was a material impact on the 21/22 accounts as well.

Costs incurred at this stage, future costs, plus income foregone now, and for the immediate future, and the impact across all operations, and partners, including UK and Welsh Governments cannot be assessed with any accuracy at year end but are bound to be very substantial for Swansea Council alone. It will have a profound and material impact on the coverage of the accounts, their completeness, timeliness and accuracy in the current and following years.

Further information

You can get more information about the accounts from the Director of Finance & Section 151 Officer, Swansea Council, Guildhall, Swansea, SA1 4PE.

Director of Finance & Section 151 Officer's Certificate & Statement of Responsibilities for the Statement of Accounts

I hereby certify that the statement of accounts on pages 26 to 156 presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2022.

Ben Smith
Director of Finance & Section 151 Officer

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance & Section 151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the statement of accounts.

The Director of Finance & Section 151 Officer's Responsibilities

The Director of Finance & Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance & Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance & Section 151 Officer has also:

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

Date of Authorisation for Issue

The 2021/22 Statement of Accounts was authorised for issue on 30th March 2023 by Ben Smith, Director of Finance & Section 151 Officer of the Council. This is the date up to which events after the Balance Sheet date have been considered.

The 2021/22 Statement of Accounts was formally approved by Council on 30th March 2023.

Jan Curtice
Chairwoman

The independent auditor's report of the Auditor General for Wales to the members of City and County of Swansea

Opinion on financial statements

I have audited the financial statements of:

- City and County of Swansea, and
- City and County of Swansea Group

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

The City and County of Swansea'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, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies.

The City and County of Swansea'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 2021-22.

In my opinion the financial statements:

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

Basis of opinion

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

Auditor's Report to the City & County of Swansea

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 City and County of Swansea and the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

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

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the City and County of Swansea's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the City and County of Swansea'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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

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

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 about actual and potential litigation and claims;

Auditor's Report to the City & County of Swansea

- reading minutes of meetings of those charged with governance, the Cabinet and Council; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
31st March 2023

24 Cathedral Road
Cardiff
CF11 9LJ

Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

Restated 2020/21				2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
18,482	3,482	21,964	Corporate Services	20,051	6,297	26,348
24,278	-18,274	6,004	Finance	18,304	-2,896	15,408
113,521	9,059	122,580	Social Services	118,298	15,256	133,554
164,697	13,429	178,126	Education	177,631	28,301	205,932
51,217	38,523	89,740	Place	56,330	71,607	127,937
-41,386	8,710	-32,676	Housing Revenue Account (HRA)	-39,298	7,801	-31,497
330,809	54,929	385,738	Net Cost of Services	351,316	126,366	477,682
-382,470	-80,236	-462,706	Other Income and Expenditure	-392,496	-87,655	-480,151
-51,661	-25,307	-76,968	Surplus(-) or Deficit on Provision of Services	-41,180	38,711	-2,469

Expenditure and Funding Analysis

General Fund and HRA				General Fund and HRA		
-99,093			Opening Balance as at 1 April	-150,754		
-51,661			Surplus(-) or Deficit	-41,180		
-150,754			Closing Balance as at 31 March *	-191,934		

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement.

The service expenditure analysis has been restated for 2020/21 following changes to how the Authority reports internally on budget, budget monitoring and revenue outturn.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Restated 2020/21				Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
25,175	-3,211	21,964	Corporate Services		33,276	-6,928	26,348
82,787	-76,783	6,004	Finance		84,868	-69,460	15,408
210,408	-87,828	122,580	Social Services		229,922	-96,368	133,554
241,296	-63,170	178,126	Education		279,441	-73,509	205,932
219,784	-130,044	89,740	Place		249,457	-121,520	127,937
36,313	-68,989	-32,676	Housing Revenue Account (HRA)		38,695	-70,192	-31,497
815,763	-430,025	385,738	Cost of Services		915,659	-437,977	477,682
39,473	0	39,473	Other operating expenditure	11	42,757	0	42,757
78,114	-30,355	47,759	Financing and investment income and expenditure	12	78,192	-37,039	41,153
0	-549,938	-549,938	Taxation and non-specific grant income	13	0	-564,061	-564,061
		-76,968	Surplus(-)/Deficit on Provision of Services				-2,469
		-10,878	Surplus(-)/Deficit on revaluation of Property, Plant and Equipment assets	22			-171,922
		100,360	Remeasurement of the net defined benefit liability/asset(-)	22			-310,830
		89,482	Other Comprehensive Income and Expenditure				-482,752
		12,514	Total Comprehensive Income(-) and Expenditure				-485,221

The service expenditure analysis has been restated for 2020/21 following changes to how the Authority reports internally on budget, budget monitoring and revenue outturn.

Group Income and Expenditure Statement

Restated 2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
25,175	-3,211	21,964	Corporate Services	33,276	-6,928	26,348
82,787	-76,783	6,004	Finance	84,868	-69,460	15,408
210,408	-87,828	122,580	Social Services	229,922	-96,368	133,554
241,296	-63,170	178,126	Education	279,441	-73,509	205,932
219,784	-130,044	89,740	Place	249,457	-121,520	127,937
36,313	-68,989	-32,676	Housing Revenue Account (HRA)	38,695	-70,192	-31,497
815,763	-430,025	385,738	Cost of Services	915,659	-437,977	477,682
39,473	0	39,473	Other operating expenditure	42,757	0	42,757
78,114	-30,355	47,759	Financing and investment income and expenditure	78,192	-37,039	41,153
0	-549,938	-549,938	Taxation and non-specific grant income	0	-564,061	-564,061
		-76,968	Surplus(-) or Deficit on Provision of Services			-2,469
		253	Share of the surplus(-) or deficit on the provision of services by associates and joint ventures			427
		-76,715	Group Surplus(-) or Deficit			-2,042
		-10,001	Surplus(-) or deficit on revaluation of Property, Plant and Equipment assets			-173,002

Group Income and Expenditure Statement

Restated 2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		100,360	Remeasurement of the net defined benefit liability/asset(-)			-310,830
		90,359	Other Comprehensive Income and Expenditure			-483,832
		13,644	Total Comprehensive Income(-) and Expenditure			-485,874

The Group Income and Expenditure Statement for 2020/21 has been restated as the service expenditure analysis for the Authority has been restated following changes to how the Authority reports internally on budget, budget monitoring and revenue outturn.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

Movement in Reserves Statement

2020/21	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2020 carried forward		9,352	84,400	5,341	6,373	21,043	126,509	172,282	298,791
<u>Movement in reserves during 2020/21</u>									
Surplus/Deficit (-) on the provision of services		40,305	0	36,663	0	0	76,968	0	76,968
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-89,482	-89,482
Total Comprehensive Income and Expenditure		40,305	0	36,663	0	0	76,968	-89,482	-12,514
Adjustments between accounting basis & funding basis under regulations	8	10,453	0	-35,760	-162	5,773	-19,696	19,696	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves		50,758	0	903	-162	5,773	57,272	-69,786	-12,514
Transfers from(-)/to Earmarked Reserves	10	-50,110	50,110	0	0	0	0	0	0
Increase/Decrease(-) in 2020/21		648	50,110	903	-162	5,773	57,272	-69,786	-12,514
Balance at 31 March 2021 carried forward		10,000	134,510	6,244	6,211	26,816	183,781	102,496	286,277

Movement in Reserves Statement

2021/22	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2021 carried forward		10,000	134,510	6,244	6,211	26,816	183,781	102,496	286,277
<u>Movement in reserves during 2021/22</u>									
Surplus/Deficit (-) on the provision of services		-29,881	0	32,350	0	0	2,469	0	2,469
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	482,752	482,752
Total Comprehensive Income and Expenditure		-29,881	0	32,350	0	0	2,469	482,752	485,221
Adjustments between accounting basis & funding basis under regulations	8	72,066	0	-33,355	-614	3,611	41,708	-41,708	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves		42,185	0	-1,005	-614	3,611	44,177	441,044	485,221
Transfers from(-)/to Earmarked Reserves	10	-42,185	42,185	0	0	0	0	0	0
Increase/Decrease(-) in 2021/22		0	42,185	-1,005	-614	3,611	44,177	441,044	485,221
Balance at 31 March 2022 carried forward		10,000	176,695	5,239	5,597	30,427	227,958	543,540	771,498

Group Movement in Reserves Statement

2020/21	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
Balance at 31 March 2020 carried forward		9,352	84,400	5,341	6,373	21,043	126,509	172,282	298,791	23,702	322,493
<u>Movement in reserves during 2020/21</u>											
Surplus/Deficit (-) on the provision of services		40,305	0	36,663	0	0	76,968	0	76,968	-253	76,715
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	-89,482	-89,482	-877	-90,359
Total Comprehensive Income and Expenditure		40,305	0	36,663	0	0	76,968	-89,482	-12,514	-1,130	-13,644
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	10,453	0	-35,760	-162	5,773	-19,696	19,696	0	0	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves		50,758	0	903	-162	5,773	57,272	-69,786	-12,514	-1,130	-13,644
Transfers from(-)/to Earmarked Reserves	10	-50,110	50,110	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2020/21		648	50,110	903	-162	5,773	57,272	-69,786	-12,514	-1,130	-13,644
Balance at 31 March 2021 carried forward		10,000	134,510	6,244	6,211	26,816	183,781	102,496	286,277	22,572	308,849

Group Movement in Reserves Statement

2021/22	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
Balance at 31 March 2021 carried forward		10,000	134,510	6,244	6,211	26,816	183,781	102,496	286,277	22,572	308,849
<u>Movement in reserves during 2021/22</u>											
Surplus/Deficit (-) on the provision of services		-29,881	0	32,350	0	0	2,469	0	2,469	-427	2,042
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	482,752	482,752	1,080	483,832
Total Comprehensive Income and Expenditure		-29,881	0	32,350	0	0	2,469	482,752	485,221	653	485,874
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	72,066	0	-33,355	-614	3,611	41,708	-41,708	0	0	0
Net Increase/Decrease(-) before Transfers to Earmarked Reserves		42,185	0	-1,005	-614	3,611	44,177	441,044	485,221	653	485,874
Transfers from(-)/to Earmarked Reserves	10	-42,185	42,185	0	0	0	0	0	0	0	0
Increase/Decrease(-) in 2021/22		0	42,185	-1,005	-614	3,611	44,177	441,044	485,221	653	485,874
Balance at 31 March 2022 carried forward		10,000	176,695	5,239	5,597	30,427	227,958	543,540	771,498	23,225	794,723

Balance Sheet

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

Published 31 March 2021 £'000	Restated 31 March 2021 £'000		Note	31 March 2022 £'000
425,246	425,246	Council Dwellings	14	525,129
671,587	671,587	Other Land and Buildings	14	838,261
14,731	14,731	Vehicles, Plant, Furniture and Equipment	14	21,494
256,307	256,307	Infrastructure Assets	14	265,550
8,607	8,607	Community Assets	14	11,703
83,893	83,893	Surplus Assets	14	79,215
134,486	134,486	Assets under Construction	14	73,259
1,594,857	1,594,857	Property, Plant & Equipment		1,814,611
32,002	32,002	Heritage Assets	15	32,179
55,093	55,093	Investment Properties	16	54,182
515	515	Intangible Assets		1,107
109	109	Long Term Investments	17	104
6,426	6,426	Long Term Debtors	17	8,764
1,689,002	1,689,002	Long Term Assets		1,910,947
54,505	54,505	Short Term Investments	17	191,169
50	50	Assets Held for Sale		350
2,681	2,681	Inventories		3,173
113,409	113,409	Short Term Debtors	18	125,537
63,818	63,818	Cash and Cash Equivalents	19	65,680
234,463	234,463	Current Assets		385,909
-7,174	-7,174	Short Term Borrowing	17	-9,381
-89,120	-89,120	Short Term Creditors	20	-95,561
-2,670	-2,670	Provisions	21	-4,233
0	0	Capital Grants Receipts in Advance		0
-98,964	-98,964	Current Liabilities		-109,175

Balance Sheet

Published 31 March 2021 £'000	Restated 31 March 2021 £'000		Note	31 March 2022 £'000
-2,688	-2,688	Long Term Creditors	17	-2,943
-9,211	-9,211	Provisions	21	-9,572
-565,231	-565,231	Long Term Borrowing	17	-689,045
-961,094	-961,094	Other Long Term Liabilities	35	-714,623
-1,538,224	-1,538,224	Long Term Liabilities		-1,416,183
286,277	286,277	NET ASSETS		771,498
		Financed by:		
10,000	10,000	Balances - General Fund		10,000
6,244	6,244	Balances - Housing Revenue Account	10	5,239
6,211	6,211	Capital Receipts Reserve		5,597
26,816	26,816	Capital Grants Unapplied Account		30,427
134,510	134,510	Earmarked Reserves	10	176,695
183,781	183,781	Usable Reserves		227,958
369,024	208,213	Revaluation Reserve	22	369,420
-961,094	-961,094	Pensions Reserve	22	-714,623
712,144	872,955	Capital Adjustment Account	22	904,661
-2,294	-2,294	Financial Instrument Adjustment Account		-2,219
-15,284	-15,284	Accumulated Absences Account	22	-13,699
102,496	102,496	Unusable Reserves		543,540
286,277	286,277	TOTAL RESERVES		771,498

The 31st March 2021 Balance Sheet has been restated to correct prior period errors. There was no impact on Net Assets or Total Reserves. There were adjusting entries between the Revaluation Reserve and the Capital Adjustment Account. Please see pages 103 and 104 for information on the prior period errors.

Group Balance Sheet

Published 31 March 2021 £'000	Restated 31 March 2021 £'000		Note	31 March 2022 £'000
425,246	425,246	Council Dwellings	14	525,129
671,587	671,587	Other Land and Buildings	14	838,261
14,731	14,731	Vehicles, Plant, Furniture and Equipment	14	21,494
256,307	256,307	Infrastructure Assets	14	265,550
8,607	8,607	Community Assets	14	11,703
83,893	83,893	Surplus Assets	14	79,215
134,486	134,486	Assets under Construction	14	73,259
1,594,857	1,594,857	Property, Plant & Equipment		1,814,611
32,002	32,002	Heritage Assets	15	32,179
55,093	55,093	Investment Properties	16	54,182
515	515	Intangible Assets		1,107
109	109	Long Term Investments	17	104
22,572	22,572	Investments in Associates and Joint Ventures		23,225
6,426	6,426	Long Term Debtors	17	8,764
1,711,574	1,711,574	Long Term Assets		1,934,172
54,505	54,505	Short Term Investments	17	191,169
50	50	Assets Held for Sale		350
2,681	2,681	Inventories		3,173
113,409	113,409	Short Term Debtors	18	125,537
63,818	63,818	Cash and Cash Equivalents	19	65,680
234,463	234,463	Current Assets		385,909
-7,174	-7,174	Short Term Borrowing	17	-9,381
-89,120	-89,120	Short Term Creditors	20	-95,561
-2,670	-2,670	Provisions	21	-4,233
0	0	Capital Grants Receipts in Advance		0
-98,964	-98,964	Current Liabilities		-109,175
-2,688	-2,688	Long Term Creditors	17	-2,943
-9,211	-9,211	Provisions	21	-9,572
-565,231	-565,231	Long Term Borrowing	17	-689,045
-961,094	-961,094	Other Long Term Liabilities	35	-714,623
-1,538,224	-1,538,224	Long Term Liabilities		-1,416,183
308,849	308,849	NET ASSETS		794,723

Group Balance Sheet

Published 31 March 2021 £'000	Restated 31 March 2021 £'000		Note	31 March 2022 £'000
		Financed by:		
20,960	20,960	Balances - General Fund		20,533
6,244	6,244	Balances - Housing Revenue Account	10	5,239
6,211	6,211	Capital Receipts Reserve		5,597
26,816	26,816	Capital Grants Unapplied Account		30,427
134,510	134,510	Earmarked Reserves	10	176,695
194,741	194,741	Usable Reserves		238,491
380,636	219,825	Revaluation Reserve	22	382,112
-961,094	-961,094	Pensions Reserve	22	-714,623
712,144	872,955	Capital Adjustment Account	22	904,661
-2,294	-2,294	Financial Instrument Adjustment Account		-2,219
-15,284	-15,284	Accumulated Absences Account	22	-13,699
114,108	114,108	Unusable Reserves		556,232
308,849	308,849	TOTAL RESERVES		794,723

The 31st March 2021 Balance Sheet has been restated to correct prior period errors. There was no impact on Net Assets or Total Reserves. There were adjusting entries between the Revaluation Reserve and the Capital Adjustment Account. Please see pages 103 and 104 for information on the prior period errors.

Cash Flow Statement

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

2020/21 £'000		Note	2021/22 £'000
76,968	Net surplus or deficit(-) on the provision of services		2,469
81,044	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	144,585
-99,146	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-67,966
58,866	Net cash flows from operating activities		79,088
-174,569	Purchase of property, plant and equipment, investment property and intangible assets		-138,911
-1,454,025	Purchase of short-term and long-term investments		-1,556,850
1,935	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		5,263
1,467,080	Proceeds from short-term and long-term investments		1,420,255
99,146	Other receipts from investing activities		67,966
-60,433	Net cash flows from investing activities		-202,277
20,696	Cash receipts of short-term and long-term borrowing		134,414
-12,244	Repayments of short-term and long-term borrowing		-9,363
8,452	Net cash flows from financing activities	24	125,051
6,885	Net decrease(-) or increase in cash and cash equivalents		1,862
56,933	Cash and cash equivalents at the beginning of the reporting period		63,818
63,818	Cash and cash equivalents at the end of the reporting period	19	65,680

Group Cash Flow Statement

2020/21 £'000		Note	2021/22 £'000
76,968	Net surplus or deficit(-) on the provision of services		2,469
81,044	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	144,585
-99,146	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-67,966
58,866	Net cash flows from operating activities		79,088
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-12,244	Repayments of short-term and long-term borrowing		-9,363
8,452	Net cash flows from financing activities	24	125,051
6,885	Net decrease(-) or increase in cash and cash equivalents		1,862
56,933	Cash and cash equivalents at the beginning of the reporting period		63,818
63,818	Cash and cash equivalents at the end of the reporting period	19	65,680

Notes to the Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022.

The Authority is required to prepare an annual Statement of Accounts by virtue of the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require the Accounts to be prepared in accordance with proper accounting practices.

These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a historical cost basis, with the exception of certain categories of non-current assets that are measured at current value, and financial instruments which are now carried within the balance sheet at fair value as defined by the Code.

The Group Accounts consolidate Swansea Council's accounts with the accounts of companies in which the Authority has an interest and are considered to be part of our group.

The CIPFA Code of Practice on Local Authority Accounting 2021/22 requires that Group Accounting Statements have to be prepared, consolidating the accounts of the parent and any subsidiary, associate or joint undertakings. An assessment of the activities and interests of Swansea Council has been undertaken, which has determined that the Swansea Council Group consists of the Local Authority as the parent, and the following companies:

Wales National Pool Swansea (WNPS)	Joint Venture
National Waterfront Museum Swansea (NWMS)	Joint Venture
Swansea Community Energy & Enterprise Scheme (SCEES)	Associate

Notes have been provided to the Group Accounting Statements only where the disclosure for the Group differs from that required for the Local Authority due to the combination of the accounts of the various entities.

IAS 19 requires that entries are included in the Group Balance Sheet for the Group's share of assets and liabilities of the Local Authority Pension Scheme.

The Accounts are prepared on a going concern basis.

Notes to the Accounts

ii. Accruals of Income and Expenditure

The Accounts are maintained on an accruals basis in accordance with the Code. This means that sums due to or from the Authority, where the supply or service was provided or received during the year, are included in the Accounts whether or not the cash has actually been received or paid in the year.

Accruals are made in respect of grants claimed or claimable for Revenue and Capital purposes. Some grant claims are finalised after the Accounts have been completed and in this case the grant is accrued on the basis of the best estimate available, and any differences are accounted for in the following year.

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

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

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the main on the basis of the effective interest rate for the relevant financial instrument.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash or cash equivalents will be any cash investment which is held for short-term cash flow purposes which can be readily realised without a significant change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Notes to the Accounts

iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events or conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

As part of a review of Property, Plant and Equipment changes in assumptions have been made regarding the remaining useful lives of some operational and some non-operational assets during 2021/22.

Where appropriate, consideration has been given to the estimated useful life of individual asset components (primarily electrical, mechanical, and fabric); revenue charges for depreciation reflect the differing useful lives of asset components for other land and building assets revalued as per the Authority's rolling programme between 1st April 2010 and 31st March 2016. Revenue charges for depreciation on assets, revalued as per the rolling programme from 1st April 2016, will be charged on the building component of Other Land and Buildings assets. Annual depreciation has been charged on opening balances from 1st April 2017.

The Council Tax bad debt provision was originally reviewed during 2020/21. Following an analysis of the original outstanding debt, current outstanding debt and the level of write offs the Authority realised that the estimate for council tax bad debt provision was too high and therefore needed to be revised. The Council Tax bad debt provision is now based on the historic average of uncollected debt. There are external factors like the changes in universal credit and the impact of the Covid-19 pandemic that are likely to affect the council tax collection rate and the level of outstanding debt. Therefore the council tax bad debt provision will be reviewed annually for the next three years.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service, based on any intangible asset held subject to the de minimis policy on capitalisation set out in note xvi.

Notes to the Accounts

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses. Any non-monetary benefits for current employees are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. flexi leave) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. Costs relating to termination benefits are charged on an accruals basis to the relevant Cost of Service lines in the Comprehensive Income and Expenditure Statement only when the Authority is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary redundancy.

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by CAPITA on behalf of the Department for Education.
- The Local Government Pensions Scheme, administered by Swansea Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned by employees during their period of employment with the Authority.

Notes to the Accounts

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

The Local Government Pension Scheme

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

- The liabilities of the Swansea Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds as required by IAS 19.
- The assets of the Swansea Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - industry accepted techniques
 - unitised securities - current bid price
 - property - market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Notes to the Accounts

- Remeasurements comprising:
 - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Swansea Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General 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 Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such discretionary powers were used during the year.

viii. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Notes to the Accounts

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost,
- fair value through profit or loss, and
- fair value through other comprehensive income.

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

Notes to the Accounts

Financial Assets Measured at Amortised Cost

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

However, the Authority has made loans to voluntary organisations and third parties at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

Notes to the Accounts

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

The Authority has a portfolio of a significant number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Notes to the Accounts

x. Government Grants and Contributions

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

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

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

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

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

xi. Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Authority, principally for their contribution to knowledge and culture.

Subject to specific requirements, Heritage Assets are accounted for in accordance with the Authority's policies of Property, Plant and Equipment (including the treatment of revaluation gains and losses and de minimis policy).

The Authority does not normally purchase fixed assets of a heritage nature; all assets disclosed have been donated into the Authority's possession. All assets are open to access by members of the public, with no restrictions other than those resulting from the normal operational limitations of venues (opening and closing times, and public safety).

Notes to the Accounts

Management of these assets is undertaken by designated specialists and other personnel employed by the Authority. These personnel are responsible for the maintenance of all historical records relating to the assets the Authority is in possession of, access to which can be granted through local arrangement. Any preservation works required, either enhancing or non-enhancing in nature, will be undertaken through the Authority's main capital program, with minor works undertaken ad-hoc per the standard Authority internal systems for revenue expenditure.

No heritage assets disposals are actively undertaken by the Authority. Under such circumstance that asset disposal is required, it shall be undertaken in accordance with the Authority's standard asset disposal procedures.

Valuation of heritage assets may be made by any method that is appropriate and relevant. The Authority's assets are mostly valued at insurance valuation and replacement cost (based on construction methods and materials used).

Depreciation is not required on heritage assets which have indefinite lives. Impairment reviews will only be carried out where there is reported physical deterioration or new doubts as to the authenticity of a heritage asset.

Where information on the cost or value is not available, and the cost of obtaining the information outweighs the benefits to users of the financial statements, the asset is not recognised on the balance sheet. Items such as Hafod Copperworks, memorials and some museum and library collections have been considered but not recognised as value/cost information is unavailable.

xii. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

xiii. Investment Property

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

Notes to the Accounts

Investment properties are measured initially at cost (in accordance with the Council's de minimis policy for capitalisation as set out in note xvi) and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of assets and resources rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xv. Leases

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

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

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

Notes to the Accounts

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

Notes to the Accounts

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Notes to the Accounts

Operating Leases

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

Most leases granted by the Authority as lessor relate to commercial properties.

xvi. 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.

Recognition

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

The Council maintains a de minimis value of £20,000 for any asset (or group of similar assets) to be capitalised within the General Fund.

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

Notes to the Accounts

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 Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the comprehensive income and expenditure statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance to the capital adjustment account in the movement in reserves statement.

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

- infrastructure and community assets - depreciated historical cost,
- council dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH),
- school buildings - current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value,
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective,
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- for 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).

Notes to the Accounts

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their estimated useful lives. No charge is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). From 1st April 2017 the Authority charges depreciation based on opening balances.

Depreciation is calculated on the following bases:

- dwellings - straight-line allocation over the estimated useful life of the property (30 to 80 years),
- non traditional dwellings - straight-line allocation over the estimated useful life of the property (30 years),
- other buildings - straight-line allocation over the estimated useful life of the property and, where applicable, its significant components (1 to 60 years),
- vehicles, plant, furniture and equipment - straight line allocation over the estimated useful life of the asset (2 to 10 years),

Notes to the Accounts

- infrastructure / community assets - straight-line allocation over the estimated useful life of the asset (20 to 40 years),
- surplus assets - per original allocated estimated useful life from original categorisation unless indication of amendments required to this assessment is apparent.

Each accounting period the estimated useful life assigned to individual assets is assessed. Where there is evidence to indicate the departure from a standard useful life the asset's estimated useful life will be amended.

Component Accounting

In recognition that single assets may have a number of different components each having a different estimated useful life, two factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation of the Authority's other land and building assets revalued since 1st April 2010.

1. Suitability of assets.

To 31st March 2016, the Authority deemed assets revalued during the year to be of a suitable significant nature. Asset valuation therefore reflected assessment of component apportionment of Building Fabric 79%, Mechanical 13%, Electrical 8% and respective remaining estimated useful economic life. From 1st April 2016, the Authority has deemed assets revalued under the 5 year rolling programme to be apportioned between land and buildings.

2. Difference in rate of depreciation compared to the overall asset.

Only those elements that normally depreciate at a significantly different rate from the non land element as a whole, had been identified for componentisation. From 1st April 2016, the whole building element will be depreciated using the building fabric's useful life (unless evidence suggests this is to be amended).

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

Professional judgement will be used in establishing materiality levels: the significance of components and apportionment applied, useful lives, depreciation methods and apportioning asset values over recognised components.

Where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a reassessment of the useful life.

Notes to the Accounts

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any 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 non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Such receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General 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 non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Notes to the Accounts

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the obligation arises, 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 provisions carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Provision for Back Pay Arising from Unequal Pay Claims

The Authority implemented an equal pay compliant pay and grading structure from 1st April 2014.

During 2021/22 the Council settled one unequal pay claim totalling £1,432 (including payment to HMRC). In 2020/21 the Council did not settle any unequal pay claims and made a payment of £386 to HMRC. These were funded from existing provisions.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Notes to the Accounts

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xviii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

xix. Revenue Expenditure Funded from Capital under Statute

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

xx. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Notes to the Accounts

The Authority undertakes an annual review of its de-minimus VAT position under s33 of the VAT Act 1993 as required by HMRC. For the year ended 31st March 2022 the Authority believes that it will be below the de-minimus level in respect of exempt related input tax and hence will be entitled to recovery of input tax in full.

xxi. Fair Value Measurement of non-financial assets

The Authority's accounting policy for fair value measurement of financial assets is set out in note ix. The Authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either :

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

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

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

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

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly,

Level 3 - unobservable inputs for the asset.

xxii. Group Accounting Policies

The accounting policies for both City and County of Swansea and City and County of Swansea Group are materially aligned except for the valuation of assets in respect of the Wales National Pool Swansea. The assets of the Wales National Pool Swansea have been valued on a different basis within the company's accounts to that used by the Council for assets of this nature. For the purposes of the Group accounts, the National Pool has been separately valued by the Council in accordance with its own accounting policies. Full disclosure of the different valuations have been included on page 127 to the financial statements.

2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) has introduced accounting policy changes in relation to the following:

a) Annual Improvements to IFRS Standards 2018-2020.

The annual IFRS improvement programme notes four changed standards:

- IFRS 1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) - clarifies the intention of the standard.
- IFRS 16 (Leases) - amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS16).

The adoption of the accounting standards mentioned above may incur amendments that can be made retrospectively by prior period restatement (if possible) or through the adjustment of opening balances as at 1st April 2022.

Opening balances will be adjusted in the Authority and Group Accounts where the changes are material.

Accounting policy changes that are material will require the Authority to publish a third Balance Sheet for the beginning of the earliest comparative period for the Authority and Group Accounts.

None of these disclosures are expected to have a material impact on the Council.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:-

- The medium term financial plan approved by the Authority on 3rd March 2022 detailed significant ongoing uncertainty over forecast revenue funding shortfalls over the medium term. Indications were that there were a range of scenarios for funding which range from significant real terms reductions in support to broadly maintained real terms support from Central Government from 2023/24 onwards, following the national Spending Review. All spending and funding assumptions were set before the ongoing full substantial economic scale, and potential recovery, of the Covid 19 pandemic was fully clear. Rising inflationary and supply side pressures mean risks are increasingly on the downside. Whilst the Authority will consider future spending plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to change the level of service provision. There is however material uncertainty over this assumption.
- It remains not entirely clear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part that the Authority faces in responding both locally, with partners, and supporting the national strategic response to the Covid 19 pandemic and now increasingly the wider economic spillover effects especially in inflation and supply side shocks. The impact was directly financially material on the 2021/22 accounts but the national lockdown arrangements and the prioritisation of the response to Covid 19 may have impaired our ability to prepare the accounts to our normally exceptionally high standards in line with accounting standards. Any necessary deviations caused will be disclosed separately throughout these accounts. The impact will continue to be financially material, but markedly less so for the 2022/23 accounts (still tens of millions and predominantly where acting as agent for UK or Welsh Government), but its net impact is less certain; however by way of exemplification our increased costs, and lost income, will now not likely exceed available general reserves so the presumption is that all, or the very vast bulk of all costs will now be met locally unless acting as agent for partners, Welsh Government or UK Government through contributions or grant.
- The Authority implemented an equality compliant pay and grading structure for its employees from 1st April 2014. At the same time, the Authority continues to face a small and dwindling residual number of claims from past and existing employees based on equal pay grounds. In determining the extent of the resources to be set aside the Authority has made assumptions regarding the number of potential claimants and the potential value of their respective claims. The Authority is confident that it has sufficient resource to meet the remaining liabilities arising from equal pay issues.

Notes to the Accounts

- The Government has made fundamental changes in respect of the provision of public sector pensions. Changes to employer contribution rates in the Teachers' Pension Scheme rose to 23.68% from September 2019. Welsh Government block grant has helped alleviate this substantial pressure in 2019/20 and 2020/21. A re-modelled Local Government Pension scheme was introduced from 1st April 2014 but there is no indication that the finances of the Authority will be adversely affected by any of the changes. The LGPS triennial valuation in 2019 has confirmed the affordability of future contribution rates. We await the forthcoming 2022 revaluation results but expect the strong investment returns achieved to be especially beneficial to our funding position. There remains significant uncertainty as to the impact of the UK Government recompensing scheme members for the McCloud judgement and a prudent sum has been factored in by the actuary in the valuation results for the pension fund and individual employer contribution rates.
- In line with accounting standards the Authority has made a significant provision in respect of final remedial work and future maintenance/monitoring of its major waste disposal site at Tir John. Assumptions regarding remediation and aftercare costs have been based on legal requirements to monitor the site for a period of 60 years following closure and have been calculated taking into account commitments currently within the Council's Capital Programme.
- The Authority undertook a fundamental review in 2012/13 of its Schools portfolio with a view to both rationalising and significantly improving the quality of school premises available across the City and County (21st Century Schools Programme). In the light of this scheme and the outline timescale for implementation, the useful lives of some school buildings have been re-evaluated and considerably reduced from that previously used. The effect of this is to accelerate residual depreciation affecting both the Comprehensive Income and Expenditure Statement and the net book value as shown on the Balance Sheet. As the Schools Programme has progressed there has been further re-evaluations however there are no adjustments in 2021/22.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed relate to the estimates that require the Authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

Notes to the Accounts

The items in the Authority's Balance Sheet as at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming year are as follows:-

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependant upon assumptions over the specific life expectancy of those assets. As stated in note 3 a review has been undertaken of a significant number of school buildings and in particular the impact of the Council's strategic 21st Century Schools Programme plan for asset replacement.</p> <p>In addition revised useful lives have been applied to a number of assets during 2021/22 in line with professional judgement.</p>	<p>To the extent that useful lives have been determined inappropriately the result could be:-</p> <p>a) In the event of a further reduction in useful lives there would be an additional charge to revenue and a reduction in the carrying value of the asset.</p> <p>b) In the event that useful lives have been underestimated this would result in a substantially reduced revenue charge and an increase in the carrying value of such assets as and when the useful life is deemed to be extended.</p> <p>In any event the effect of depreciation is reversed out of the Comprehensive Income and Expenditure Statement to have nil effect on the Council taxpayer.</p>
Provisions	<p>The Authority has made a significant capital provision for the future remediation and maintenance of major land refuse disposal sites. Uncertainty arises because of the 60 year timescale for liability on this issue.</p>	<p>Any shortfall in future years will have to be funded via the capital programme.</p>

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liabilities	<p>The Authority's share of the Local Government pension fund liability as at 31st March 2022 is £714.623m. However, the fund is subject to a triennial valuation which at present reviews the level of employers contributions in order to ensure the long term sustainability of the fund. Changes to the Local Government Pension Scheme introduced on 1st April 2014 were designed to ensure the long term affordability of the scheme. The Covid 19 Pandemic means that the pension fund liability may be subject to wider than usual uncertainty over valuations assumptions, estimate accuracy and formal certification by third parties.</p>	<p>The Pension Fund is designed to be sustainable over the long term and it is unlikely that there will be any significant short term impact on the Authority's finances arising from any assumptions currently made or decisions that are likely in the coming financial year.</p>
Insurance Provisions and Reserves	<p>The Authority has set aside provisions to meet contractual excess amounts from known and existing insurance claims. In deciding the level of provision to make in respect of ongoing claims, the Authority has taken advice from its legal advisers and/or its contracted loss adjusters. The Authority also maintains an insurance reserve which is used to meet the cost of future unforeseen events based on previous experience.</p>	<p>Should the sums set aside prove insufficient to meet these payments there would be an immediate revenue effect in the year that the available sums were exhausted. Equally, the Authority regularly reviews the level of both provisions and reserves with a view to releasing funds back to revenue if appropriate.</p>

Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from Assumptions
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Authority employs experts to identify the most appropriate valuation techniques to determine fair value (for example for surplus assets and investment properties, the Authority's internal property valuation team).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in notes:</p> <p>14. Non-operational PPE (Surplus Assets) 16. Investment Properties 17. Financial Instruments</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its financial assets / liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement include assumptions regarding rent levels, vacancy levels (for investment properties), investment yields and discount rates - for some financial assets.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the surplus assets, investment properties and financial assets.</p>

Notes to the Accounts

5. Material items of income and expense

The Authority does not have any items of material income and expenditure to report that requires additional information in 2020/21 or 2021/22.

6) Note to the Expenditure and Funding Analysis

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 (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	2,150	4,218	-71	6,297	0	6,297
Finance	19,414	885	-99	20,200	-23,096	-2,896
Social Services	2,146	13,424	-314	15,256	0	15,256
Education	20,249	8,736	-738	28,247	54	28,301
Place	52,100	15,160	-394	66,866	4,741	71,607
Housing Revenue Account (HRA)	5,540	2,296	-35	7,801	0	7,801
Net Cost of Services	101,599	44,719	-1,651	144,667	-18,301	126,366
Other income and expenditure from the Expenditure and Funding Analysis	-125,538	19,640	-58	-105,956	18,301	-87,655
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-23,939	64,359	-1,709	38,711	0	38,711

Notes to the Accounts

Adjustments between Funding and Accounting Basis Restated 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	1,431	1,675	376	3,482	0	3,482
Finance	5,027	-497	359	4,889	-23,163	-18,274
Social Services	1,683	6,430	946	9,059	0	9,059
Education	8,732	1,875	2,768	13,375	54	13,429
Place	27,502	7,268	1,021	35,791	2,732	38,523
Housing Revenue Account (HRA)	7,313	1,132	265	8,710	0	8,710
Net Cost of Services	51,688	17,883	5,735	75,306	-20,377	54,929
Other income and expenditure from the Expenditure and Funding Analysis	-119,016	18,400	3	-100,613	20,377	-80,236
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-67,328	36,283	5,738	-25,307	0	-25,307

The service expenditure analysis has been restated for 2020/21 following changes to how the Authority reports internally on budget, budget monitoring and revenue outturn.

Notes to the Accounts

Adjustments for Capital Purposes

- 1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:
 - **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - **Taxation and non-specific grant income and expenditure** - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pension Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

- 3) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

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

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Accounts

Other Non-statutory Adjustments

- 4) Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

For **Financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.

For **Taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. for unringfenced government grants.

Notes to the Accounts

7. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2020/21 £'000	2021/22 £'000
Expenditure		
Employee expenses	387,429	428,714
Premises	52,869	53,950
Transport	25,308	29,396
Supplies & Services	99,070	126,841
Other Costs	260,578	243,104
Depreciation, amortisation and impairment	45,889	87,512
Interest payments	22,734	24,335
Precepts and levies	40,479	42,909
Gain or loss on the disposal of assets	-1,006	-153
Total expenditure	933,350	1,036,608
Income		
Fees, charges and other service income	-217,107	-251,036
Interest and investment income	-244	-230
Income from council tax	-130,297	-137,731
Government grants and contributions	-662,670	-650,080
Total income	-1,010,318	-1,039,077
Surplus(-) or Deficit on the Provision of Services	-76,968	-2,469

The £251.036m (20/21 £217.107m) of fees, charges and other service income reported in the Comprehensive Income and Expenditure Statement includes £197.475m (20/21 £171.802m) of revenue recognised from contracts with service recipients.

8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Notes to the Accounts

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2021/22				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	61,081	3,278	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	-75	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	-1,550	-35	0	0

Notes to the Accounts

2021/22				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	30,149	-4,817	0	3,611
Total Adjustments to Revenue Resources	89,605	-1,574	0	3,611
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-153	0	5,263	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-13,250	-3,657	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-4,136	-28,124	0	0
Total Adjustments between Revenue and Capital Resources	-17,539	-31,781	5,263	0
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-5,877	0
Total Adjustments to Capital Resources	0	0	-5,877	0
Total Adjustments	72,066	-33,355	-614	3,611

Notes to the Accounts

2020/21 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	34,232	2,052	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	5	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	5,520	264	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-12,028	-5,510	0	5,773
Total Adjustments to Revenue Resources	27,729	-3,194	0	5,773
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-1,006	0	1,935	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-11,536	-3,366	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-4,734	-29,200	0	0
Total Adjustments between Revenue and Capital Resources	-17,276	-32,566	1,935	0

Notes to the Accounts

2020/21 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-2,097	0
Total Adjustments to Capital Resources	0	0	-2,097	0
Total Adjustments	10,453	-35,760	-162	5,773

9. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Covid 19 Pandemic had a material effect on the Council's financial position throughout 2021/22 and beyond. The immediate direct revenue financial impact on the 2021/22 accounts was substantial, both in accounting and cash flow terms, with significant financial support from the Welsh Government and this is already reflected. Future targeted financial support is not at all assured but we are seeing ongoing implications for the wider economy during 2022/23 and local government still being chosen as a core delivery partner by UK and Welsh Governments, predominantly acting as agent. In producing the statement of accounts the explicit assumption has been made that the Council remains a going concern, that physical asset closures are temporarily only and that they are not permanently impaired, and that financial assets and liabilities (especially in relation to property and the pension fund) may be subject to wider than usual uncertainty over valuation assumptions, estimate accuracy and formal certification by third parties.

Notes to the Accounts

10. Movements In Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

	Balance at 1st April 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 31st March 2021 £'000	Transfers Out 2021/22 £'000	Transfers In 2021/22 £'000	Balance at 31st March 2022 £'000
General Fund:							
Balances held by schools under the scheme of delegation	7,729	0	13,051	20,780	0	7,611	28,391
Primary School Sickness Scheme Reserve	93	-93	315	315	-315	308	308
Information technology reserves	1,642	-187	6,390	7,845	-268	5,118	12,695
Development reserves	4,621	0	230	4,851	-67	122	4,906
Insurance reserves	16,332	-265	922	16,989	-34	822	17,777
Restructuring Costs reserve	3,000	0	0	3,000	-203	203	3,000
Contingency Fund reserve	6,306	-6,759	10,453	10,000	-20,205	14,760	4,554
Recovery Fund reserve	0	0	20,000	20,000	-6,993	26,060	39,068
Other earmarked revenue reserves	16,244	-459	10,492	26,277	-3,367	10,486	33,396
Revenue reserve earmarked to fund future capital expenditure	28,433	-4,089	109	24,453	-3,086	11,233	32,600
Total	84,400	-11,852	61,962	134,510	-34,538	76,723	176,695
HRA:							
Housing Revenue Account	5,341	0	903	6,244	-1,005	0	5,239
Total	5,341	0	903	6,244	-1,005	0	5,239

Notes to the Accounts

11. Other Operating Expenditure

2020/21 £'000		2021/22 £'000
1,582	Community Council precepts	1,641
25,069	South Wales Police Authority precept	27,060
13,828	Levies and Contributions	14,209
-1,006	Gains(-)/losses on the disposals of non-current assets	-153
39,473		42,757

12. Financing and Investment Income and Expenditure

2020/21				2021/22		
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
22,734	0	22,734	Interest payable and similar charges	24,335	0	24,335
43,970	-25,570	18,400	Net interest on the net defined benefit liability/asset(-)	49,830	-30,190	19,640
0	-244	-244	Interest receivable and similar income	0	-230	-230
9,961	-4,541	5,420	Income and expenditure in relation to investment properties and changes in their fair value	2,748	-6,619	-3,871
1,449	0	1,449	Impairment losses	1,279	0	1,279
78,114	-30,355	47,759		78,192	-37,039	41,153

The income generated from investment properties during the year amounted to £5.908m (2020/21 £3.689m) and changes to the fair value of investment properties amounted to -£0.905m (2020/21 -£8.192m).

13. Taxation and Non Specific Grant Income

2020/21 £'000		2021/22 £'000
-130,297	Council tax income (note 37)	-137,731
-78,175	Non domestic rates	-82,917
-261,206	Non-ringfenced government grants	-274,282
-77,689	Capital grants and contributions	-66,378
-2,584	Covid-19 Council tax loss support grant	-2,753
13	High street rate relief	0
-549,938		-564,061

Notes to the Accounts

14. Property, Plant and Equipment

Movements in 2021/22:							
	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or valuation							
At 1 April 2021	432,406	714,971	36,265	15,989	85,472	134,502	1,419,605
Additions (Cap Exp)	36,517	41,675	8,274	1,538	3,347	29,085	120,436
Other additions and adjustments	0	152	2,526	0	77	0	2,755
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	50,369	46,052	0	0	4,922	0	101,343
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	10	-28,088	-3,600	-85	-7,014	0	-38,777
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	-1,366	-196	-93	-22	0	-1,677
Derecognition - disposals	0	-1,174	-1,210	0	-4,266	0	-6,650
Assets reclassified to/from Held for Sale	0	0	0	0	-350	0	-350

Notes to the Accounts

Movements in 2021/22 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Assets under construction reclassified	4,145	77,553	1,017	2,077	53	-90,289	-5,444
Other reclassifications	1,682	768	-437	47	-1,984	0	76
At 31 March 2022	525,129	850,543	42,639	19,473	80,235	73,298	1,591,317
Accumulated Depreciation and Impairment							
At 1 April 2021	-7,160	-43,384	-21,534	-7,382	-1,579	-16	-81,055
Depreciation charge	-7,177	-24,795	-3,979	-388	-1,227	0	-37,566
Depreciation written out to the Revaluation Reserve	14,384	55,018	0	0	3,164	0	72,566
Depreciation written out to the Surplus/Deficit on the Provision of Services	-4	-746	3,406	9	-456	0	2,209
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	625	918	0	47	0	1,590
Other movements in depreciation and impairment	-43	1,000	44	-9	-969	-23	0
At 31 March 2022	0	-12,282	-21,145	-7,770	-1,020	-39	-42,256
Net Book Value							
At 1 April 2021	425,246	671,587	14,731	8,607	83,893	134,486	1,338,550
At 31 March 2022	525,129	838,261	21,494	11,703	79,215	73,259	1,549,061

Notes to the Accounts

Comparative Movements in 2020/21:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or valuation							
At 1 April 2020	431,332	659,826	29,642	15,989	84,317	72,288	1,293,394
Additions (Cap Exp)	34,622	17,295	4,614	22	2,049	88,634	147,236
Other additions and adjustments	0	711	2,358	0	430	0	3,499
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	-37,390	19,345	0	0	1,845	0	-16,200
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	0	7,574	-57	-20	-4,528	0	2,969
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	-1,387	-43	-2	-664	0	-2,096
Derecognition - Disposals	0	0	-444	0	-1,063	0	-1,507
Assets reclassified to/from Held for Sale	0	3,656	0	0	300	0	3,956
Assets under construction reclassified	3,342	11,020	195	0	217	-26,420	-11,646
Other reclassifications	500	-3,069	0	0	2,569	0	0
At 31 March 2021	432,406	714,971	36,265	15,989	85,472	134,502	1,419,605

Notes to the Accounts

Comparative Movements in 2020/21 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Accumulated Depreciation and Impairment							
At 1 April 2020	0	-45,126	-19,283	-6,994	-1,783	-16	-73,202
Depreciation charge	-7,160	-22,945	-2,752	-388	-1,243	0	-34,488
Depreciation written out to the Revaluation Reserve	21	22,260	0	0	2,285	0	24,566
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	54	57	0	1,240	0	1,351
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition - disposals	0	0	444	0	134	0	578
Other movements in depreciation and impairment	-21	2,373	0	0	-2,212	0	140
At 31 March 2021	-7,160	-43,384	-21,534	-7,382	-1,579	-16	-81,055
Net Book Value							
At 1 April 2020	431,332	614,700	10,359	8,995	82,534	72,272	1,220,192
At 31 March 2021	425,246	671,587	14,731	8,607	83,893	134,486	1,338,550

Notes to the Accounts

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

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

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

Capital Commitments

As at 31st March 2022 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £50.766m. Similar commitments at 31st March 2021 were £65.38m.

The major commitments are:

	£'000
YG Gwyr secondary school extension	505
Bishopston comprehensive refurbishment	1,978
HRA environmental and general capital schemes	5,131
HRA More Homes scheme	375
Swansea Central Phase 1 - construction phase	5,735
Kingsway Digital Village	31,555
Hafod-Copperworks Powerhouse	1,067
Palace Theatre - construction phase	3,941
Community Hub (former BHS)	479

Revaluations

The Authority 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 five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation dates for 2021/22 were 30th June 2021, 30th September 2021, 31st December 2021 and 31st March 2022.

Notes to the Accounts

The main asset groups revalued during 2021/22 are shown below within the current rolling programme:

Year	Other Land & Buildings	Surplus Assets	Council Dwellings
2020/21	Secondary Schools, Other Education, Community Centres, Day Centres, Centres for Older People and Youth Clubs	City Centre	-
2021/22	Car Parks, Toilets, Changing Rooms, Pavilions, Industrial, Homes for Older Persons	Land Only and Miscellaneous	-
2022/23	Primary Schools, Leisure Facilities, Civic Amenity Sites and Miscellaneous	Residential shared % and Agricultural	-
2023/24	Libraries and Offices	Industrial Estates and Residential Freehold	Sheltered Housing Complexes
2024/25	-	-	Council Houses / Flats

During 2021/22, there were significant movements in build costs and house prices. Assets valued on a Depreciated Replacement Cost (DRC) basis and the Council's housing stock have been impacted by these movements. Therefore, they have also been revalued as at 31st March 2022. For some group of assets, e.g. primary schools, a sample of properties were revalued and the % change in these assets was applied to the remainder in that group.

Assets transferred from Assets Under Construction are also revalued internally each year, with the exception of Swansea Arena which was valued externally.

Notes to the Accounts

Non-operational Property, Plant and Equipment (Surplus Assets)

Fair Value Hierarchy

Details of the Authority's surplus assets and information about fair value hierarchy as at 31 March 2022 and 31 March 2021 are as follows:

	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31st March
	(Level 1)	(Level 2)	(Level 3)	
2021/22				
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Agricultural	0	0	538	538
City Centre	0	4,691	8,193	12,884
Industrial Units	0	0	3,535	3,535
Land only	0	1,654	41,499	43,153
High Value	0	0	280	280
Residential Freeholds (LRA)	0	181	0	181
Residential shared %	0	0	833	833
Miscellaneous	0	6,021	12,810	18,831
Total	0	12,547	67,688	80,235

2020/21 Comparative Figures

	(Level 1)	(Level 2)	(Level 3)	
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Agricultural	0	0	537	537
City Centre	0	4,691	11,228	15,919
Industrial Units	0	0	3,190	3,190
Land only	0	1,237	44,590	45,827
High Value	0	0	260	260
Residential Freeholds (LRA)	0	181	0	181
Residential shared %	0	0	833	833
Miscellaneous	0	6,281	12,444	18,725
Total	0	12,390	73,082	85,472

Notes to the Accounts

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs - Level 2

The fair value for some properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs - Level 3

The surplus land located in the local authority are measured using a value per acre of land derived from sale transactions of comparable parcels of land in similar locations. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the location, date of sale and size of land sold.

The Authority's surplus land is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Surplus Assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the properties is sometimes their current use and sometimes, as in the case of vacant land and buildings, is the value assuming planning permission would be granted for development / or refurbishment.

Notes to the Accounts

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs - Level 3

	As at 31/03/2022 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural	538	Market Approach	Land Value per acre	£2,000 - £5,000 per acre	Significant changes in land value and yield will result in significantly lower or higher fair value
City Centre	8,193	Market Approach	Rents	Zone A £125 to £550 per sq m	Significant changes in rent and yields will result in significantly lower or higher fair value
			Yield	6 - 12%	
Industrial Units	3,535	Market Approach	Yield	6 - 11%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Land Only	41,499	Market Approach	Land Value per acre	£80,000 to £600,000 per acre	Significant changes in rent and yields will result in significantly lower or higher fair value
High Value	280	Market Approach	Yield	Various	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Residential shared %	833	Market Approach	Capital Value	£115,000 - £135,000	Significant changes in capital value will result in a change to the fair value
Miscellaneous	12,810	Market Approach	Yield	5 - 12%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
TOTAL	67,688				

Notes to the Accounts

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured under a rolling programme. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The Authority's valuation experts work closely with finance officers reporting directly to the Director of Finance & Section 151 Officer on a regular basis regarding all valuation matters.

15. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority.

	Heritage Land, Buildings & Infrastructure £'000	Art & Museums £'000	Furniture, Fixtures & Fittings £'000	Other £'000	Total Assets £'000
Cost or Valuation					
At 1st April 2020	5,159	21,845	2,955	1,774	31,733
Additions (Cap Exp)	184	5	0	15	204
Additions (Other)	0	265	0	0	265
Revaluations recognised in the Revaluation Reserve	0	-3	0	2	-1
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	-261	0	0	-15	-276
Reclassifications	77	0	0	0	77
At 31st March 2021	5,159	22,112	2,955	1,776	32,002
Cost or Valuation					
At 1st April 2021	5,159	22,112	2,955	1,776	32,002
Additions (Cap Exp)	161	0	0	53	214
Additions (Other)	0	91	0	2	93
Revaluations recognised in the Revaluation Reserve	0	506	0	17	523
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairments recognised in the Surplus/Deficit on the Provision of Services	-29	0	0	-53	-82
Reclassifications	-571	0	0	0	-571
At 31st March 2022	4,720	22,709	2,955	1,795	32,179

Notes to the Accounts

Heritage Land, Buildings and Infrastructure

The Authority's heritage land, buildings and infrastructure assets are reported in the Balance Sheet at historic cost (e.g. Oystermouth Castle) and at valuation (e.g. Swiss Cottage, Singleton Park or Morfa Bridge - off Normandy Road, Landore). Valuations have been carried out internally by the Authority's internal RICS valuer and internal highways engineer.

Art & Museums

The Authority's art and museums assets are mainly included at insurance valuation by external valuers. This category includes the Brangwyn Hall panels and other paintings also various exhibitions held by the Authority.

Other

Most of the remaining assets included are reported in the Balance Sheet at insurance valuation (e.g. Brangwyn Hall Organ). However, there are some held at historic cost (e.g. Cenotaph) and others valued internally by the Authority's internal County Archivist (e.g. West Glamorgan owned collections).

16. Investment Properties

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

2020/21 £'000		2021/22 £'000
3,689	Rental income from investment property	5,908
-917	Direct operating expenses arising from investment property	-1,132
2,772	Net gain	4,776

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2020/21 £'000		2021/22 £'000
55,805	Balance at start of the year	55,093
	Additions:	
7,480	- Construction (Current)	0
0	- Other	70
-8,192	Net gains/losses(-) from fair value adjustments	-905
0	Transfers from Property, Plant and Equipment	-76
55,093	Balance at end of the year	54,182

Notes to the Accounts

Fair Value measurement of investment property - Fair Value Hierarchy

Details of the Authority's investment properties and information about fair value hierarchy as at 31 March 2022 and 31 March 2021 are as follows:

2021/22				
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31st March
Recurring fair value measurements using:	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
Enterprise Park	0	10,427	14,362	24,789
High Value	0	4,708	24,685	29,393
Total	0	15,135	39,047	54,182
2020/21 Comparative Figures				
Recurring fair value measurements using:	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
Enterprise Park	0	10,419	14,209	24,628
High Value	0	2,199	28,266	30,465
Total	0	12,618	42,475	55,093

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2

The fair value of some of the commercial portfolio has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Sometimes market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs - Level 3

Some of the Authority's commercial portfolio is categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Surplus Assets

In estimating the fair value of some of the Authority's investment properties, the highest and best use of the properties is their current use. In some cases, alternative uses have been assumed (subject to planning permission being granted).

Notes to the Accounts

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3

	As at 31/03/2022 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Enterprise Park	14,362	Market Approach	Yield	5 - 12%	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
High Value	24,685	Market Approach	Yield	Various	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
TOTAL	39,047				

Notes to the Accounts

17. Financial Instruments

Categories of Financial Instruments

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

Financial Assets:

	Non-Current				Current				Totals	
	Investments		Debtors		Investments		Debtors			
	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	24	24	8,764	6,426	191,169	54,505	118,261	107,049	318,218	168,004
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	80	85	0	0	0	0	0	0	80	85
Total financial assets	104	109	8,764	6,426	191,169	54,505	118,261	107,049	318,298	168,089
Assets not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
Total	104	109	8,764	6,426	191,169	54,505	118,261	107,049	318,298	168,089

Financial Liabilities:

	Non-Current				Current				Totals	
	Borrowings		Creditors		Borrowings		Creditors			
	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	689,045	565,231	2,943	2,688	9,381	7,174	80,821	79,044	782,190	654,137
Total financial liabilities	689,045	565,231	2,943	2,688	9,381	7,174	80,821	79,044	782,190	654,137
Liabilities not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
Total	689,045	565,231	2,943	2,688	9,381	7,174	80,821	79,044	782,190	654,137

Notes to the Accounts

Income, Expense, Gains and Losses

	2021/22		2020/21	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains/losses	0	0	0	0
Interest revenue:				
Financial assets measured at amortised cost	269	0	285	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
Total interest revenue	269	0	285	0
Interest expense	-24,342	0	-22,675	0
Fee income:				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
Total fee income	0	0	0	0
Fee expense:				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
Total fee expense	0	0	0	0

Notes to the Accounts

Fair Values of Assets and Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. We have calculated fair values for all instruments in the portfolio, but only disclose those which are materially different from the carrying value. The fair values calculated are as follows:

Financial Liabilities

	2021/22		2020/21	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost	659,080	829,691	539,080	790,878
Long-term creditors	2,943	2,943	2,688	2,688
Total	662,023	832,634	541,768	793,566

The fair value of borrowings is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets

	2021/22		2020/21	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial assets held at amortised cost	191,169	191,169	54,505	54,505
Long-term debtors	8,764	8,764	6,426	6,426
Total	199,933	199,933	60,931	60,931

The fair value of the financial assets is equivalent to the carrying amount because the authority's portfolio of investments comprises of short dated investments whose fair value is equivalent to the carrying value as at 31st March 2022.

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

Notes to the Accounts

Fair Value hierarchy for financial assets and financial liabilities that are not measured at fair value

	31 March 2022			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Recurring fair value measurements using:				
Financial liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	28,390	0	28,390
Long-term creditors	0	0	0	0
Total	0	28,390	0	28,390
Financial assets				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
Total	0	0	0	0

	31 March 2021 Comparative Year			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Recurring fair value measurements using:				
Financial liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	24,560	0	24,560
Long-term creditors	0	0	0	0
Total	0	24,560	0	24,560
Financial assets				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
Total	0	0	0	0

Notes to the Accounts

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the previous table have been arrived at using a discounted cash flow analysis, with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets	Financial Liabilities
- no early repayment or impairment is recognised	- no early repayment is recognised
- estimated ranges of interest rates at 31 March 2022 of 0.021% to 1.36% for loans receivable, based on new lending rates for equivalent loans at that date	- estimated ranges of interest rates at 31 March 2022 of 2.29% to 2.86% for loans payable based on new lending rates for equivalent loans at that date
- the fair value of trade and other receivables is taken to be the invoiced or billed amount	- the fair value of WG loans are taken at nominal value

Notes to the Accounts

18. Short Term Debtors

31st March 2021 £'000		31st March 2022 £'000
88,271	Central government bodies	99,789
1,855	Other local authorities	2,125
11,683	NHS bodies	10,426
0	Public corporations and trading funds	1
35,437	Other entities and individuals	41,684
4,234	Payments In Advance	2,688
-28,071	Impairment losses	-31,176
113,409	Total	125,537

The short term debtors figure of £125.537m (20/21 £113.409m) includes £13.110m (20/21 £11.436m) for the impairment losses recognised on receivables arising from contracts with service recipients.

19. Cash and Cash Equivalents

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

31st March 2021 £'000		31st March 2022 £'000
-608	Cash held by the Authority	-3,700
64,426	Bank current accounts	69,380
63,818	Total Cash and Cash Equivalents	65,680

20. Short Term Creditors

31st March 2021 £'000		31st March 2022 £'000
10,522	Central government bodies	13,574
5,311	Other local authorities	8,491
1,198	NHS bodies	798
0	Public corporations and trading funds	7
62,013	Other entities and individuals	59,908
10,076	Receipts In Advance	12,783
89,120	Total	95,561

Notes to the Accounts

21. Provisions

Short - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2021	110	1,337	0	1,223	2,670
Additional provisions made in 2021/22	1,000	876	0	738	2,614
Amounts used in 2021/22	0	-1,266	0	-149	-1,415
Unused amounts reversed in 2021/22	0	-647	0	-159	-806
Transfer from long term to short term	0	1,170	0	0	1,170
Balance at 31 March 2022	1,110	1,470	0	1,653	4,233

Long - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2021	0	3,158	149	5,904	9,211
Additional provisions made in 2021/22	0	1,620	0	14	1,634
Amounts used in 2021/22	0	0	0	-103	-103
Unused amounts reversed in 2021/22	0	0	0	0	0
Transfer from long term to short term	0	-1,170	0	0	-1,170
Balance at 31 March 2022	0	3,608	149	5,815	9,572

Outstanding Legal Cases

The Authority has incurred legal costs in defending its position across a number of issues and will seek to defray those costs against third parties if appropriate. To the extent that this is considered unlikely this provision is intended to quantify and provide for the expected extent of irrecoverable costs.

Injury and Damage Compensation Claims

This is in respect of excess charges and uninsured costs on all known outstanding insurance claims made against the Authority in respect of all injury and compensation claims outstanding at the Balance Sheet date.

Notes to the Accounts

Employee Benefits

This is in respect of the potential costs of settling all reasonably expected equal pay compensation claims as they exist at the Balance Sheet date on the basis that following the implementation of an equal pay compliant pay structure a significant element of the potential liability will be settled by way of compensation payment rather than as backpay. It is envisaged the majority of this will be settled within 1 year.

Other Provisions

These amounts are to cover a variety of potential liabilities including land compensation claims following compulsory purchase, potential sums arising out of grant reclaims and obsolete stock. Other provisions include a significant capital provision (£4.377m) for the future remediation and maintenance of major land refuse disposal sites. Of the £4.377m, £1.594m is likely to be settled within the next ten years and the remaining £2.783m over the next forty years.

22. Unusable Reserves

Restated Authority 31st March 2021 £'000	Restated Group 31st March 2021 £'000		Authority 31st March 2022 £'000	Group 31st March 2022 £'000
208,213	219,825	Revaluation Reserve	369,420	382,112
872,955	872,955	Capital Adjustment Account	904,661	904,661
-2,294	-2,294	Financial Instruments Adjustment Account	-2,219	-2,219
-961,094	-961,094	Pensions Reserve	-714,623	-714,623
-15,284	-15,284	Accumulated Absences Account	-13,699	-13,699
102,496	114,108	Total Unusable Reserves	543,540	556,232

The Revaluation Reserve and the Capital Adjustment Account of the Authority and Group for 2020/21 have been restated to correct prior period errors. There were adjusting entries between the Revaluation Reserve and the Capital Adjustment Account. Please see pages 99 and 100 for information on the prior period errors.

Revaluation Reserve

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

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

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

Notes to the Accounts

Published Authority 2020/21 £'000	Restated Authority 2020/21 £'000	Published Group 2020/21 £'000	Restated Group 2020/21 £'000		Authority 2021/22 £'000	Group 2021/22 £'000
373,016	373,016	385,505	385,505	Balance at 1st April	208,213	219,825
0	-142,503	0	-142,503	Adjustment for historic cost	0	0
0	-18,308	0	-18,308	Adjustment for housekeeping	0	0
373,016	212,205	385,505	224,694	Revised Balance at 1st April	208,213	219,825
				Upward revaluation of assets -		
37,652	37,652	36,775	36,775	Cost	160,715	161,795
23,845	23,845	23,845	23,845	Depreciation	67,774	67,774
				Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services -		
-52,467	-52,467	-52,467	-52,467	Cost	-61,671	-61,671
1,834	1,834	1,834	1,834	Depreciation	4,792	4,792
10,864	10,864	9,987	9,987	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	171,610	172,690
-14,787	-14,787	-14,787	-14,787	Difference between fair value depreciation and historical cost depreciation	-9,448	-9,448
-69	-69	-69	-69	Accumulated gains on assets sold or scrapped	-955	-955
-14,856	-14,856	-14,856	-14,856	Amount written off to the Capital Adjustment Account	-10,403	-10,403
369,024	208,213	380,636	219,825	Balance at 31st March	369,420	382,112

The Opening Balance of the Revaluation Reserve and the Group Revaluation Reserve for 2020/21 have been restated to correct prior period errors. There were adjusting entries between the Revaluation Reserve and the Capital Adjustment Account. Please see pages 103 and 104 for information on the prior period errors.

Notes to the Accounts

The 2020/21 figures have been restated to correct historical cost depreciation adjustments between the Revaluation Reserve and the Capital Adjustment Account. Where practicable, for periods after 2011/12 (2016/17 for Council Dwellings), historical cost depreciation has been adjusted by £740k with the remaining to be adjusted on a rolling programme basis. For prior periods an adjustment of £141,763k has been made to reset the Revaluation Reserve to nil.

A housekeeping exercise has resulted in 2020/21 figures being restated between the Revaluation Reserve and the Capital Adjustment Account, with a movement of £18,374k relating to prior year additions (from 2006/07 onwards) and some correction of errors totalling -£66k.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an Authority present a Balance Sheet at the beginning of the preceding period when an Authority makes a retrospective statement. In this instance, the prior period errors have impacted the Opening Balance Sheet for 2020/21. The following table demonstrates the effects on the following line items in the Balance Sheet for the financial year 2020/21. The restated (for the relevant line items) prior period Balance Sheet is provided with the current year information on pages 36 to 37 of the financial statements. The restated prior period Group Balance Sheet is provided with the current year information on pages 38 to 39 .

Effect on line items in the Balance Sheet 31 March 2021

	Published 31 March 2021 £'000	Restated 31 March 2021 £'000	Restatement £'000
Revaluation Reserve	369,024	208,213	-160,811
Capital Adjustment Account	712,144	872,955	160,811

The restatement of the Opening Balance Sheet for 2020/21 has had an impact on the Opening Balance in the Revaluation Reserve disclosure note for 2020/21. Additional lines have been added to the Revaluation Reserve Disclosure Note to demonstrate the prior period errors. The following table demonstrates the effects on the following line items in the Revaluation Reserve for 2020/21. The corresponding entries are in the Capital Adjustment Account. The restated (for the relevant line items) prior period Revaluation Reserve disclosure note is provided with the current year information on page 102.

Effect on line items in the Revaluation Reserve disclosure note for 2020/21

	Published 2020/21 £'000	Restated 2020/21 £'000	Restatement £'000
Balance at 1st April	373,016	373,016	0
Adjustment for historic cost	0	-142,503	-142,503
Adjustment for housekeeping	0	-18,308	-18,308
Revised Balance at 1st April	373,016	212,205	-160,811

Notes to the Accounts

The restatement of the Opening Balance Sheet for 2020/21 has had an impact on the Opening Balance in the Capital Adjustment disclosure note for 2020/21. Additional lines have been added to the Capital Adjustment Account Disclosure Note to demonstrate the prior period errors. The following table demonstrates the effects on the following line items in the Capital Adjustment Account for 2020/21. The corresponding entries are in the Revaluation Reserve. The restated (for the relevant line items) prior period Capital Adjustment Account disclosure note is provided with the current year information on page 105.

Effect on line items in the Capital Adjustment Account disclosure note for 2020/21

	Published 2020/21 £'000	Restated 2020/21 £'000	Restatement £'000
Balance at 1st April	635,519	635,519	0
Adjustment for historic cost	0	142,503	142,503
Adjustment for housekeeping	0	18,308	18,308
Revised Balance at 1st April	635,519	796,330	160,811

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or subsequent costs of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Accounts

Published 2020/21 £'000	Restated 2020/21 £'000		2021/22 £'000
635,519	635,519	Balance at 1st April	872,955
0	142,503	Adjustment for historic cost	0
0	18,308	Adjustment for housekeeping	0
635,519	796,330	Revised Balance at 1st April	872,955
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-48,908	-48,908	Charges for depreciation and impairment of non-current assets	-52,760
3,151	3,151	Revaluation losses(-)/gains on Property, Plant and Equipment	-34,615
-133	-133	Amortisation of intangible assets	-137
-29,438	-29,438	Revenue expenditure funded from capital under statute (REFCUS)	-6,264
-929	-929	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-5,110
-76,257	-76,257		-98,886
14,856	14,856	Adjusting amounts written out of the Revaluation Reserve	10,403
-61,401	-61,401	Net written out amount of the cost of non-current assets consumed in the year	-88,483
		Capital financing applied in the year:	
2,097	2,097	Use of the Capital Receipts Reserve to finance new capital expenditure	5,877
95,285	95,285	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	65,737
14,902	14,902	Statutory provision for the financing of the capital investment charged against the General Fund and HRA balances	16,907
33,934	33,934	Capital expenditure charged against the HRA and General Fund balances	32,260
146,218	146,218		120,781
-8,192	-8,192	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-905
0	0	Additions Other	313
712,144	872,955	Balance at 31st March	904,661

The Opening Balance of the Capital Adjustment Account for 2020/21 has been restated to correct prior period errors. Please see pages 103 and 104 for information on the prior period errors.

Notes to the Accounts

Pensions Reserve

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

2020/21 £'000		2021/22 £'000
-824,450	Balance at 1st April	-961,094
-100,360	Remeasurements of the net defined benefit liability/asset(-)	310,830
-85,620	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	-115,780
-820	Past service cost adjustment	-510
50,156	Employer's pensions contributions and direct payments to pensioners payable in the year	51,931
-961,094	Balance at 31st March	-714,623

Notes to the Accounts

Accumulated Absences Account

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

2020/21 £'000		2021/22 £'000
-9,500	Balance at 1st April	-15,284
9,500	Settlement or cancellation of accrual made at the end of the preceding year	15,284
-15,284	Amounts accrued at the end of the current year	-13,699
-5,784	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,585
-15,284	Balance at 31st March	-13,699

23. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £'000		2021/22 £'000
244	Interest received	230
-22,734	Interest paid	-24,335
-22,490		-24,105

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

2020/21 £'000		2021/22 £'000
46,540	Depreciation	51,129
7,409	Impairment and downward revaluations	37,151
133	Amortisation	137
20,358	Increase/decrease(-) in creditors	5,171
-32,737	Increase(-)/decrease in debtors	-14,570
-237	Increase(-)/decrease in inventories	-492
36,284	Movement in pension liability	64,359

Notes to the Accounts

2020/21 £'000		2021/22 £'000
-929	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-5,110
4,223	Other non-cash items charged to the net surplus or deficit on the provision of services	6,811
81,044		144,585

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2020/21 £'000		2021/22 £'000
-99,146	Any other items for which the cash effects are investing or financing cash flows	-67,966
-99,146		-67,966

24. Reconciliation of Liabilities arising from Financing Activities

	2021/22	Financing cash flows	Changes which are not financing cash flows		2021/22
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	563,825	122,844	0	0	686,669
Short-term borrowings	7,174	2,207	0	0	9,381
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	570,999	125,051	0	0	696,050
	2020/21	Financing cash flows	Changes which are not financing cash flows		2020/21
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	551,656	12,169	0	0	563,825
Short-term borrowings	10,891	-3,717	0	0	7,174
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	562,547	8,452	0	0	570,999

The long term borrowing figures above are different to the long term borrowing figures on the Balance Sheet as the figures on the Balance Sheet include non cash items. Examples of non cash items would be accrued interest, debtors and creditors.

Notes to the Accounts

25. Trading Operations

In accordance with the Service Reporting Code of Practice (SeRCOP) which has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) the Authority undertakes a number of activities which are defined as trading activities within the meaning of the Code.

All the Authority's trading operations are an integral part of one of the Authority's services to the public and are incorporated into the Comprehensive Income and Expenditure Statement.

2021/22			
	Turnover £'000	Expenditure £'000	Surplus/- Deficit £'000
Council Car Parks	4,298	2,184	2,114
Grand Theatre	1,792	2,556	-764
Indoor Market	1,095	624	471
Council Catering including school meals	6,834	8,633	-1,799
Trade Waste	2,164	1,995	169
Swansea Marina	405	1,019	-614
	16,588	17,011	-423

2020/21			
	Turnover £'000	Expenditure £'000	Surplus/- Deficit £'000
Council Car Parks *	4,147	1,557	2,590
Grand Theatre	1,026	1,679	-653
Indoor Market	1,162	1,012	150
Council Catering including school meals	5,415	7,027	-1,612
Trade Waste	2,036	1,770	266
Swansea Marina	347	292	55
	14,133	13,337	796

* The 2020/21 Turnover figure for Council Car Parks has been restated. The incorrect turnover figure was disclosed in the 2020/21 statement of accounts.

26. Members' Allowances

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

	2020/21 £'000	2021/22 £'000
Allowances	1,600	1,624
Expenses	1	2
Total	1,601	1,626

Notes to the Accounts

27. Officers' Remuneration

(a) The following tables set out the remuneration for:

- Senior Officers (Directors, Chief Officers and Heads of Service) whose salary is less than £150,000 but equal to or more than £60,000 per year.
- Senior Officers (Chief Executive) whose salary is £150,000 or more are identified by name.

Table 1 - 2021/22

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Chief Executive - Phil Roberts *	154,962	0	154,962	0	154,962
Deputy Chief Executive & Director of Resources (a)	104,365	0	104,365	25,778	130,143
Deputy Chief Executive & Director of Corporate Services (b)	22,510	0	22,510	5,560	28,070
Director of Finance & Section 151 Officer (c)	20,129	0	20,129	4,972	25,101
Director of Education	110,078	0	110,078	27,189	137,267
Director of Place	118,989	0	118,989	29,390	148,379
Director of Social Services	122,491	0	122,491	30,255	152,746
Chief Transformation Officer (d)	80,579	0	80,579	19,903	100,482
Head of Digital and Customer Services (e)	21,032	0	21,032	5,195	26,227
Monitoring Officer & Chief Legal Officer	104,697	0	104,697	25,785	130,482
Section 151 Officer & Chief Finance Officer (f)	90,548	0	90,548	22,365	112,913
Head of Education Planning & Resources Service	87,500	0	87,500	21,613	109,113
Head of Building Services	79,030	0	79,030	19,520	98,550
Head of Cultural Services	90,321	0	90,321	22,309	112,630
Balance c/f	1,207,231	0	1,207,231	259,835	1,467,066

Notes to the Accounts

Table 1 - 2021/22 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Balance b/f	1,207,231	0	1,207,231	259,835	1,467,066
Head of Highways & Transportation	90,321	0	90,321	22,309	112,630
Head of Housing & Public Health	81,853	0	81,853	20,218	102,071
Head of Planning & City Regeneration	90,321	0	90,321	22,309	112,630
Head of Property Services	79,569	0	79,569	19,520	99,089
Head of Waste, Cleansing & Parks	90,321	0	90,321	22,309	112,630
Head of Commercial Services	79,030	0	79,030	19,520	98,550
Deputy Monitoring Officer & Deputy Chief Legal Officer	68,048	0	68,048	16,732	84,780
Deputy Section 151 Officer & Deputy Chief Finance Officer	67,742	0	67,742	16,732	84,474
Head of Communications & Marketing	79,030	0	79,030	19,520	98,550
Head of Adult Services & Tackling Poverty (g)	1,487	0	1,487	367	1,854
Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) (h)	78,278	0	78,278	19,335	97,613
Head of Child & Family	88,235	0	88,235	21,794	110,029
Interim Head of Revenues & Benefits	59,219	0	59,219	14,627	73,846
Interim Head of Service Centre	64,918	0	64,918	16,035	80,953
Interim Head of Achievement & Partnership Service (i)	9,666	0	9,666	2,388	12,054
Head of Achievement & Partnership Service (j)	63,720	0	63,720	15,739	79,458
Total	2,298,989	0	2,298,989	529,290	2,828,279

Notes to the Accounts

* In 2021/22 the Chief Executive received additional remuneration of £13,190.75 for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

No bonus payments or benefit in kind payments were made to the Officers detailed in these notes.

(a) The Deputy Chief Executive & Director of Resources is the Deputy Chief Executive & Director of Corporate Services since 28th January 2022.

(b) The Deputy Chief Executive & Director of Corporate Services commenced on 28th January 2022.

(c) The Director of Finance & Section 151 Officer commenced on 28th January 2022.

(d) The Chief Transformation Officer is the Head of Digital & Customer Services since 17th January 2022.

(e) The Head of Digital and Customer Services commenced on 17th January 2022.

(f) The Section 151 Officer & Chief Finance Officer is the Director of Finance & Section 151 Officer since 28th January 2022.

(g) The Head of Adult Services & Tackling Poverty commenced on 25th March 2022.

(h) The Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) is the Head of Adult Services & Tackling Poverty since 25th March 2022.

(i) The Interim Head of Achievement & Partnership Service is the Head of Achievement & Partnership Service since 19th May 2021.

(j) The Head of Achievement & Partnership Service commenced on 19th May 2021.

Notes to the Accounts

The following tables set out the remuneration for:

- Senior Officers (Directors, Chief Officers and Heads of Service) whose salary is less than £150,000 but equal to or more than £60,000 per year.
- Senior Officers (Chief Executive) whose salary is £150,000 or more are identified by name.

Table 1 - 2020/21

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Chief Executive - Phil Roberts *	152,671	0	152,671	0	152,671
Deputy Chief Executive & Director of Resources	122,750	0	122,750	30,258	153,007
Director of Education (a)	78,938	25,724	104,662	17,486	122,148
Director of Place	115,043	0	115,043	28,282	143,325
Director of Social Services	117,230	0	117,230	28,956	146,186
Chief Transformation Officer	92,532	0	92,532	24,264	116,796
Monitoring Officer & Chief Legal Officer	94,876	0	94,876	23,353	118,229
Section 151 Officer & Chief Finance Officer	106,003	0	106,003	26,101	132,104
Head of Education Planning & Resources	83,888	0	83,888	20,720	104,608
Head of Achievement & Partnership Service (b)	35,841	0	35,841	8,853	44,694
Head of Building Services	77,862	0	77,862	19,232	97,094
Head of Cultural Services	88,986	0	88,986	21,980	110,966
Head of Highways & Transportation	88,986	0	88,986	21,980	110,966
Head of Housing & Public Health	77,862	0	77,862	19,232	97,094
Balance c/f	1,333,469	25,724	1,359,193	290,696	1,649,888

Notes to the Accounts

Table 1 - 2020/21 continued

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Balance b/f	1,333,469	25,724	1,359,193	290,696	1,649,888
Head of Planning & City Regeneration	88,986	0	88,986	21,980	110,966
Head of Property Services	78,401	0	78,401	19,232	97,633
Head of Waste, Cleansing & Parks	88,986	0	88,986	21,980	110,966
Head of Commercial Services	77,862	0	77,862	19,232	97,094
Deputy Monitoring Officer & Deputy Chief Legal Officer	67,068	0	67,068	16,485	83,553
Deputy Section 151 Officer & Deputy Chief Finance Officer	63,958	0	63,958	15,798	79,756
Head of Communications & Marketing	77,862	0	77,862	19,232	97,094
Head of Adult Services (c)	16,326	0	16,326	2,562	18,889
Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) (d)	62,583	0	62,583	15,458	78,041
Head of Child & Family (e)	52,526	0	52,526	10,990	63,516
Head of Child & Family (f)	44,029	0	44,029	10,875	54,904
Interim Director of Education (g) (k)	43,296	0	43,296	10,694	53,990
Interim Head of Revenues & Benefits (h)	27,809	0	27,809	6,869	34,677
Interim Head of Service Centre (i)	30,589	0	30,589	7,556	38,145
Interim Head of Achievement & Partnership Service (j)	42,176	0	42,176	10,417	52,593
Director of Education (l)	15,410	0	15,410	3,806	19,217
Total	2,211,336	25,724	2,237,060	503,860	2,740,920

Notes to the Accounts

* In 2020/21 the Chief Executive received no additional remuneration for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

No bonus payments or benefit in kind payments were made to the Officers detailed in these notes.

(a) The Director of Education retired on 18th November 2020.

(b) The Head of Achievement & Partnership Service is the Interim Director of Education since 11th September 2020.

(c) The Head of Adult Services left the Authority on 10th May 2020.

(d) The Interim Head of Adult Services (Learning Disability / Mental Health / Service Provision & Safeguarding) commenced on 20th May 2020.

(e) The Head of Child and Family retired on 30th September 2020.

(f) The Head of Child and Family commenced on 21st September 2020.

(g) The Interim Director of Education commenced on 11th September 2020.

(h) The Interim Head of Revenues & Benefits commenced on 1st October 2020.

(i) The Interim Head of Service Centre commenced on 1st October 2020.

(j) The Interim Head of Achievement & Partnership Service was remunerated from 1st September 2020 in a handover period prior to the Head of Achievement & Partnership Service becoming the Interim Director of Education on 11th September 2020.

(k) The Interim Director of Education is the Director of Education since 8th February 2021.

(l) The Director of Education commenced on 8th February 2021.

Notes to the Accounts

(b) The number of employees (excluding Senior Officers) whose remuneration (excluding employer's pension contributions) was £60,000 or more, in bands of £5,000, were:

2020/21 Number of employees	Remuneration Band	2021/22 Number of employees
44	£60,000 - £64,999	62
38	£65,000 - £69,999	32
16	£70,000 - £74,999	26
14	£75,000 - £79,999	13
5	£80,000 - £84,999	8
7	£85,000 - £89,999	5
3	£90,000 - £94,999	4
4	£95,000 - £99,999	3
1	£100,000 - £104,999	4
3	£105,000 - £109,999	2
0	£115,000 - £119,999	1
0	£125,000 - £129,999	0
0	£135,000 - £139,999	1
135	Total	161

The remuneration bands above include one off payments regarding compensation for loss of office. These payments are not paid in return for services rendered to the Authority and are therefore not strictly remuneration, but the regulations covering disclosure of salary bandings require these amounts to be included in the calculation.

The numbers shown relate to Authority employees, which predominantly include teaching staff. The bandings above include nine teachers (2020/21 nine teachers) who are employed by voluntary aided schools. Senior Officers' remunerations are shown in the tables on pages 110 to 115.

The Authority is required to disclose the organisation's pay multiple. This is the ratio between the highest paid employee and the median earnings across the organisation.

In 2021/22 the remuneration of the Chief Executive was £154,962 (2020/21 £152,671). This was 6.1 times (2020/21 6.1 times) the median remuneration of the organisation, which was £25,600 (2020/21 £25,013).

Notes to the Accounts

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

2021/22				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	6	14	20	147
£20,001 - £40,000	0	3	3	106
£40,001 - £60,000	1	1	2	105
£60,001 - £80,000	0	2	2	142
£80,001 - £100,000	0	2	2	191
£100,001 - £150,000	0	2	2	260
Total	7	24	31	951

2020/21				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	7	22	29	205
£20,001 - £40,000	0	8	8	213
£40,001 - £60,000	0	3	3	158
£60,001 - £80,000	0	2	2	139
£80,001 - £100,000	0	1	1	94
£100,001 - £150,000	0	1	1	113
Total	7	37	44	922

The average payback period against all early retirement / voluntary redundancy packages agreed for 2021/22 is less than 1 year.

Notes to the Accounts

28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21 and 2021/22:

2020/21 £'000		2021/22 £'000
	Credited to Taxation and Non Specific Grant Income	
130,297	Council Tax Income	137,731
78,175	Non Domestic Rates	82,917
261,206	Revenue Support Grant	274,282
2,584	Covid-19 Council Tax Loss Support Grant	2,753
17,878	21st Century Schools Programme, Childcare Grant and Community Hub grant	10,611
4,469	Local Transport Fund and Local Transport Network Fund	1,323
4,754	Active Travel Fund	4,604
9,220	Housing MRA Grant	9,271
1,186	Road Safety/Safe Route in Communities	516
2,372	Targeted Regeneration Investment Programme	0
6,501	General Capital Grant	11,414
3,636	Schools Capital Maintenance grant	3,782
988	European Regional Development Fund	826
533	Coastal Risk Management Programme	622
-13	High Street Rate Relief	0
1,190	Highways Refurbishment grant	1,192
2,166	Innovative Housing Programme	0
707	Reducing Infant Class sizes	363
1,574	Welsh Medium Schools Capital Grant	772
546	Hwb Schools IT Infrastructure	0
1,809	Economic Stimulus and Regional Stimulus Grants	500
1,437	Housing Homelessness Capital Grant	0
1,120	Waste and Recycling Capital Grants	0
11,042	City Deal Grant	4,803
1,937	Gifted Assets	1,947
0	Flying Start	362
0	All Wales Play Opportunities Fund	367
0	Free School Meals (capital)	1,805
0	Electric Charging points grants	657
0	HRA Social Housing Grant (capital)	820
0	Transforming Towns grant (capital)	6,221
2,624	Other Grants and Contributions	3,600
549,938		564,061
	Credited to Services	
9,008	School Improvement Grant	0
37,703	Rent allowance subsidy	35,297
29,492	Rent rebate subsidy	27,460

Notes to the Accounts

2020/21 £'000		2021/22 £'000
	Credited to Services	
11,451	Children and Communities Grant	9,159
14,351	Housing Support Grant	18,869
5,279	Department for Children, Education, Lifelong Learning and Skills	365
284	Environment and Sustainable Development Grant (ESD)	416
876	Housing Benefit Administration	853
6,742	Concessionary fares	7,303
8,852	Pupil Deprivation Grant	8,999
801	Communities for Work	560
448	Cynnydd Project (ESF)	470
158	Rural Development Plan	204
555	Bus Services Support Grant (BSSG)	554
3,951	Free Childcare	3,022
3,195	Sustainable Social Services	3,950
0	Funded Nursing Care	4,923
5,994	Integrated Care Fund	0
124	Schools Maintenance Grants (VA schools)	0
0	Western Valleys Empty Homes Pilot	229
302	ENABLE grant	380
1,201	Sustainable Waste Management Grant (SWMG)	1,583
208	Affordable Housing Grant	346
385	Teacher Pay and Pensions	466
498	Professional Learning Fund	854
617	SCWWDP	578
450	Syrian Vulnerable Persons	427
2,803	Transformation Fund	1,103
468	Winter Pressures	314
742	Youth Support Group	962
405	Unaccompanied Asylum Seekers	326
403	Pedagogy	0
483	RICS	449
1,156	Targeted Regeneration Investment Programme	1,151
677	Council Tax Reduction Scheme (CTRS)	0
731	Business Support Grant (BSG) Admin	0
714	Highways Maintenance Revenue Grant	0
2,743	TRI PEDG	1,024
464	Council Tax Court Costs	0
44,831	Covid Grant	26,147
631	ALN Covid Support	0
9,025	LA Education Grant	8,207
499	Children and Young Person Funding	0
21,589	Bay Studios Hospital for SBUHB	189

Notes to the Accounts

2020/21 £'000		2021/22 £'000
	Credited to Services	
0	Cost of Living Support Scheme	2,000
0	Self Isolation & Winter Fuel Admin	487
0	Emergency Non Domestic Rates (NDR) Scheme Admin	322
0	Social Care Workforce and Sustainability	3,950
0	Social Care Recovery Grant	5,094
0	Care and Support Needs Grant	790
0	Child Development Fund	512
0	Transforming Towns	1,615
0	Community Renewal Fund	262
0	Kickstart Scheme	463
0	School Improvement Grant	9,788
0	Department for Children, Education, Lifelong Learning and Skills	5,946
0	Flying Start	2,384
0	Accelerated Learning Programme	4,967
0	Music Grant	513
11,700	Other Grants	17,519
242,989		223,750

29. Related Parties

The Authority 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 with the Authority.

a) Central Government

The Authority receives significant funding from the Welsh Government. Details of the sums received in respect of Revenue Support Grant and redistributed Non Domestic Rates are shown in the Comprehensive Income and Expenditure Statement, with details of other grant income being shown in note 28 to the Accounts.

b) Charitable and Voluntary Bodies

The Authority appoints members to represent it on numerous charitable and voluntary bodies which operate primarily within Swansea Council, as well as to a number of national bodies where it is deemed in the Authority's interest to be represented. Any transactions with these bodies are not significant.

Notes to the Accounts

c) Other Bodies

The Authority has appointed members and officers to a number of outside organisations which include the following:-

ERW Joint Committee
Gower College Swansea
Mid and West Wales Fire Authority
Swansea Bay Port Health Authority
Swansea PSB (Public Services Board)
University of Swansea Court
Welsh Local Government Association Council

A full listing can be obtained from the Finance department, Civic Centre, Oystermouth Road, Swansea, SA1 3SN and on the Authority's website (www.swansea.gov.uk/councillors).

In respect of the Mid and West Wales Fire Authority and the Swansea Bay Port Health Authority, amounts are paid by the Authority in respect of levies and precepts to these bodies. The Section 151 Officer of the Council also acts as the Clerk and Treasurer of the Swansea Bay Port Health Authority.

Levies / Contributions paid to the two bodies were:-

Mid and West Wales Fire Authority:-	£14.121m (2020/21: £13.741m)
Swansea Bay Port Health Authority:-	£0.088m (2020/21: £0.087m)

The Authority is responsible for the collection of Council Taxes on behalf of the South Wales Police Authority. The total collected and paid over to the South Wales Police Authority for 2021/22 was £27.060m (2020/21 £25.069m).

d) Subsidiary, Associates and Joint Ventures

The Authority has an interest in three companies, details of which are shown on the next few pages:-

The National Waterfront Museum Swansea - Joint Venture

The National Waterfront Museum Swansea ("the Company") is limited by guarantee and is a registered charitable trust (charity number 1090512). The Company has seven directors, of which three are appointed by Swansea Council, three by the National Museums and Galleries of Wales, with the seventh director being an independent chairman.

The purpose of the Company was to develop the National Industrial and Maritime Museum at Swansea which opened in Spring 2006. The Company derives its funds from several sources, including the Welsh Government, the National Museums and Galleries of Wales, the former Welsh Development Agency and the Heritage Lottery Fund.

Notes to the Accounts

During the 2002/03 financial year the Authority granted a lease to the Company of a substantial portion of the site on which the new museum has been developed. The lease was granted at a peppercorn rental and constitutes the Authority's commitment to the scheme.

The museum has been leased to the National Museums and Galleries of Wales at a peppercorn rent by the Company. Due to the nature of the Company and its constitution there will be no direct beneficial interest arising to the Authority from its activities.

A contribution of £2,325 was made in 2021/22 (2020/21 £2,350) to National Waterfront Museum Swansea towards 50% of the governance costs of the charitable company. There was an outstanding creditor of zero as at 31st March 2022 (2020/21 £175). There was an outstanding debtor of zero as at 31st March 2022 (2020/21 zero). The charitable company is deemed to be influenced significantly by the Authority through its representation on the Board of Trustees.

The net assets of the National Waterfront Museum Swansea at 31st March 2022 are £17,860,063 (2020/21 £18,205,052).

Copies of the accounts of the Company are available from the National Waterfront Museum Swansea Project Office, Queens Buildings, Cambrian Place, Swansea SA1 1TW.

The Wales National Pool (Swansea) - Joint Venture

The Wales National Pool (Swansea) ("the Company") is a company limited by guarantee. The purpose of the company is to operate the Wales National 50 Metre Pool which is located in Swansea.

Swansea Council was responsible for the construction of the pool complex, with the bulk of funding being supplied by the National Lottery Sports Foundation. The pool has been constructed on land owned by the University of Wales, Swansea.

The pool complex is leased to the company at a peppercorn rent. Due to the nature of the facility, which is unlikely to show profitability, the development is not thought to have a high commercial value.

The pool complex was opened in April 2003.

Notes to the Accounts

Details of the Authority's transactions with the Company during the year are as follows:-

2020/21 £'000		2021/22 £'000
342	Funding provided by the Authority towards operating costs of the pool	292
7	Sum paid for the free use of the pool by schools and other bodies	53
-891	Recharges of wages, salaries and other costs to the Company	-920

The Company has seven directors, of which three are appointed by Swansea Council, three by the University of Wales (Swansea), with the seventh director being an independent chairman.

By agreement with the University of Wales Swansea, the Authority funds 50 per cent of the operational deficit that the Company makes during its financial year which operates from 1st August to 31st July. There are no other guarantees in place that could increase the Authority's liability in respect of the operations of the Company.

There was an outstanding debtor of £160k (2020/21 £127k) and outstanding creditors of £341k (2020/21 £235k) as at 31st March 2022.

The net assets of Wales National Pool (Swansea) Limited at 31st March 2022 were £3,206,000 (2020/21 £3,714,000).

Copies of the accounts of the Company are available from the University of Wales Swansea, Finance Department, Singleton Park, Swansea, SA2 8PP.

Swansea Community Energy & Enterprise Scheme (SCEES) - Associate

In 2017, Swansea Council purchased 100,000 shares of £1 in Swansea Community Energy & Enterprise Scheme. Swansea Community Energy & Enterprise Scheme is a community owned renewable energy company which was established by Swansea Council but is now run independently by a group of local Directors. The company develops and manages renewable energy projects for the benefit of residents in some of the more deprived areas in Swansea.

By agreement with SCEES £5,000 of the initial investment is repaid each year. The balance of shares now owned by the Authority is 80,000 shares of £1 each.

The Company has 6 Directors and one of the directors is a Cabinet Member of Swansea Council.

There was an outstanding debtor of £4,800 at 31st March 2022 (2020/21 £5,025) and no outstanding creditors at 31st March 2022 (2020/21 zero).

Notes to the Accounts

The net assets of Swansea Community Energy & Enterprise Scheme at 31st March 2022 were £398,992 (2020/21 £458,523).

There has been no consolidation for Swansea Community Energy & Enterprise Scheme due to the immateriality of the Company's results.

Copies of the accounts of the Company are available from Swansea Community Energy & Enterprise Scheme Limited, The Environment Centre, Pier Street, Swansea, SA1 1RY.

e) Other Organisations

Members of the Authority have direct control over the Authority's financial and operating policies.

A relation of a member of the Senior Management Team has provided therapy services to Western Bay Adoption Services via her own business. The amount paid for services provided in 2021/22 was £6,504 (2020/21 £8,680). There were outstanding creditors of £12,234.50 (2020/21 £0). The senior manager's interest in this company was properly recorded in the Register of interests.

A relation of a member of the Senior Management Team has provided artwork and workshops to the Authority via their own business. The amount paid for services provided in 2021/22 was £125 (2020/21 £3,054). There were outstanding creditors of £2,400 (2020/21 £0). The senior manager's interest in this company was properly recorded in the Register of interests.

During 2021/22 a member was employed by Graham Evans and Partners. The amount paid in 2021/22 was £153,818.30 (2020/21 £80,007). The member's interest in this company was properly recorded in the Register of members interests which is available on the Authority's public website.

f) Duties imposed on Council Directors

It is important to note that where Councillors are appointed to act as Directors of Companies or as Board Members of Statutory Agencies then they must, when carrying out such appointments, seek to act in the best interests of the Company/Statutory Body when acting in that official capacity.

g) Pension Fund

Swansea Council acts as administering Authority for the Swansea Council Pension Fund (formerly the West Glamorgan Pension Fund).

Transactions between the Authority and the Pension Fund mainly comprise the payment to the Pension Fund of employee and employer payroll superannuation deductions, together with payments in respect of enhanced pensions granted by Former Authorities.

Notes to the Accounts

The Pension Fund currently has 40 scheduled and admitted bodies. Management of the Pension Scheme Investment Fund is undertaken by a committee. The committee is advised by two independent advisors.

h) Swansea Bay City Deal

The Swansea Bay City Deal is a £1.3bn investment in nine major projects across the Swansea Bay City Region - which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David.

Within the Joint Committee Agreement there is acknowledgement that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme, as well as 1.5% "Top Slice" being applied to programme/project City Deal grant awards.

Swansea Council's partnership contribution is fully paid up to 31st March 2022.

The Swansea Bay City Deal received the grant award offer letter on 30th March 2022, with subsequent acceptance and grant receipt during April 2022. As at the 31st March 2022, no City Deal grant funding was awarded to Swansea Council (£4,789,627), due to a delay in funding being awarded by Welsh Government, however it was considered appropriate to include a debtor for the grant income in the accounts to 31st March 2022. As such, no associated top slice contribution was expended (£71,844).

Under the agreement of the Joint Committee (JC - 9th July 2020) costs in respect of the provision of support services by local authorities to the Swansea Bay City Deal were reincluded within the Joint Committee budget allowing for the recharge of those functions by authorities. As such expenditure was recharged during the financial year by Swansea Council for legal and democratic services in respect of the Joint Committee, but was subsequently transacted post financial year (£63,143).

As agreed by the Joint Committee (JC - 11th June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to authorities on a programme/project basis aligned to their allocated grant.

Notes to the Accounts

Description	£
Income	
Legal and Democratic Services recharge	0
Interest Apportionment (derived from SBCD cash balances)	-11,298
SBCD Grant Award	0
	-11,298
Expenditure	
Partnership Contribution	50,000
Top Slice Contribution	0
Total Balance of Related Parties	38,702

30. Group Accounts

The following are the dates of relevant company accounts used for consolidation:

- National Waterfront Museum Swansea - Draft Accounts for the year ending 31st March 2022.
- Wales National Pool Swansea - Management Accounts for the year ending 31st March 2022.

The Wales National Pool Swansea financial year operates from the 1st August to the 31st July. The National Waterfront Museum Swansea financial year operates from 1st April to the 31st March. In the opinion of the Authority the use of the above information is likely to adequately reflect the extent and nature of group income and expenditure and assets and liabilities that exist as at 31st March 2022 and the use of current information would not be significant in relation to the group position as stated.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", all Group activities were classified as 'Continuing' during the year. There were no material acquisitions or discontinuations of services as defined by the Standard.

Notes to the Accounts

The total net assets of the Group can be analysed according to the relevant entity to which they relate, as follows:

31st March 2021 £'000		31st March 2022 £'000
1,247,371	Swansea Council (Parent)	1,486,121
9,103	National Waterfront Museum Swansea (Joint Venture)	8,930
13,469	Wales National Pool (Joint Venture)	14,295
1,269,943	Net Assets Employed (exc. Pension Fund) *	1,509,346
-961,094	Net Group Pension Fund Liabilities	-714,623
308,849	Net Assets Employed	794,723

* Some of the component Group assets have been valued on a different basis to that used by the Authority. If the Wales National Pool had been valued at depreciated replacement cost then the asset would have a value of £28.643m.

* The Wales National Pool currently has a net book value in the region of £3.3m. Given the material scale of the difference in value the Authority has restated their share of the higher valuation which results in an unrealised gain of £12.7m. It is expected that under the terms of the agreement the final value at the end of the lease (24th December 2023) will be zero. Therefore the difference in book valuations will be fully amortised by the 2023/24 Statement of Accounts.

Swansea Council (the Parent company) does not believe that it will receive a material benefit in the form of income or dividends from the related companies, and does not expect to make any contributions over and above the normal budgeted requirement. Since the related companies are limited by guarantee, any losses to the Authority will be limited to the value of the guarantee in each entity.

Notes to the Accounts

31. Agency Services

The Authority carried out work on an agency basis for other organisations for which it is reimbursed. These amounts are excluded from the Authority's results. The significant agency services provided were:

2021/22						
Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	-386	-180	0	566	386
Welsh Government	Covid-19 Business Restrictions grant	-26	10	0	16	26
Welsh Government	Covid-19 Carers Payments grant	7,397	202	-7,599	0	-7,397
Welsh Government	Covid-19 Statutory Sick Pay Support grant	330	-330	0	0	-330
Welsh Government	Covid-19 Lockdown Discretionary grant	3	-3	0	0	-3
Welsh Government	Covid-19 Freelancer grant	-10	2	0	8	10
Welsh Government	Covid-19 Business Restrictions Extension grant	-170	80	0	90	170
Welsh Government	Covid-19 Self isolation payments	4,770	-4,834	0	64	-4,770
Welsh Government	Covid-19 Winter Fuel payments	2,755	-2,755	0	0	-2,755
Welsh Government	Covid-19 Covid NDR Business grants	4,200	-5,978	0	1,778	-4,200
Welsh Government	Covid-19 Freelancer 2 grant (CRF2)	100	-100	0	0	-100
Welsh Government	Covid-19 ERF Discretionary Fund grant	445	-520	0	75	-445
Welsh Government	Covid-19 ERF Discretionary Fund July - Aug grant	43	-43	0	0	-43
Welsh Government	Covid-19 ERF Discretionary Fund Dec - Feb grant	320	-664	0	344	-320
Welsh Government	Bus Services Support grant	4,534	-4,588	0	77	-4,511
Welsh Government	Bus Emergency Scheme grant	6,380	-10,039	0	3,636	-6,403
Welsh Government	Town Centre loans	4,884	-13,737	0	0	-13,737
Welsh Government	Welsh Government Owner Occupier Loans	376	-885	0	0	-885
Welsh Government	Welsh Government Landlord Loans	976	-2,402	0	0	-2,402
Welsh Government	Substance Misuse Action Team Capital grant	7	-7	0	0	-7
		36,928	-46,771	-7,599	6,654	-47,716

Notes to the Accounts

2020/21 Comparative figures

Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	89,492	-89,492	0	0	-89,492
Welsh Government	Covid-19 Business Restrictions grant	994	-994	0	0	-994
Welsh Government	Covid-19 Carers Payments grant	10,194	-3,285	-6,909	0	-10,194
Welsh Government	Covid-19 Statutory Sick Pay Support grant	218	-218	0	0	-218
Welsh Government	Covid-19 Lockdown Discretionary grant	881	-874	-7	0	-881
Welsh Government	Covid-19 Bursary start up grant	188	-188	0	0	-188
Welsh Government	Covid-19 Freelancer grant	1,095	-1,095	0	0	-1,095
Welsh Government	Covid-19 Business Restrictions Extension grant	1,284	-1,204	-80	0	-1,284
Welsh Government	Covid-19 Self isolation payments	480	-480	0	0	-480
Welsh Government	Bus Services Support grant	5,132	-5,190	0	9	-5,181
Welsh Government	Bus Emergency Scheme grant	7,501	-7,452	0	0	-7,452
Welsh Government	Town Centre loans	2,780	-8,737	0	0	-8,737
Welsh Government	Welsh Government Owner Occupier Loans	267	-885	0	0	-885
Welsh Government	Welsh Government Landlord Loans	880	-2,402	0	0	-2,402
		121,386	-122,496	-6,996	9	-129,483

Notes to the Accounts

Covid-19 Business Support grant

There were various rounds of grant support and differing criteria for each grant. Grants were payable to businesses of specific types (e.g. retail, hospitality, leisure) that were liable for Non-Domestic rates. Broad guidance was issued by Welsh Government to aid local authorities in administering each round of grants. Other discretionary grants were also payable in other circumstances not related to liability for Non-Domestic rates. In 2021/22 there were 1,701 payments (2020/21 15,188 payments).

Covid-19 Carers Payments grant

There have been three schemes to provide additional payments to Social Care workers during the course of the pandemic. The first two schemes were accounted for in 2020/21. A third scheme was announced in March 2022 and is accounted for in these accounts. This scheme is aligned to the 'Real Living Wage' and awarded £1,498 to those working in Social Care in the public, private and third sectors. The scheme is administered by the Council.

Covid-19 Statutory Sick Pay Support grant

The statutory sick pay enhancement scheme supports social care workers who only get statutory sick pay when absent or are not eligible for SSP. It provides funding to allow employers to pay eligible workers at full pay if they cannot work due to Covid-19.

Covid-19 Bursary start up grant

This grant is aimed at small businesses who started in 2019 or 2020 but are not eligible for any other Covid related support. In 2020/21 there were 75 payments of £2,500 to applicants.

Covid-19 Freelancer grant

This grant provided support to freelance workers in cultural and creative sectors. There were 434 payments of £2,500 to applicants during 2020/21. There was a small balance of £7,500 due back to Welsh Government.

Covid-19 Business Restrictions, Lockdown Discretionary and Business Restrictions Extensions grant (all termed Discretionary grants).

Those businesses that were forced to close or materially impacted by the restrictions in place during the various lockdowns and did not qualify for NDR Covid-19 Business Support grants, could apply to the various phased discretionary grants for support. Depending on eligibility criteria these grants were amounts of £1,500 or £2,000 for the firebreak lockdown discretionary grant and a flat £2,000 award for the other discretionary grants listed. The number of payments for 2021/22 was expected to be as follows:

Business Restrictions 484, Lockdown Discretionary 483, Business Restrictions Extension 557.

There is an outstanding balance of £106,000 due back to Welsh Government.

Covid-19 Self isolation payments

Payments of £500 were issued on behalf of Welsh Government to people required to self isolate as a result of contracting Covid-19 or coming into contact with a person with Covid-19. Eligibility for these payments was expanded a number of times after the scheme was implemented and again, Welsh Government provided guidance documents to aid local authorities with their administration. In 2021/22 there were a total of 6,829 payments (2020/21 960 payments).

Covid-19 Winter Fuel payments

Payments of £100 (later increased to £200) were issued to people eligible for a payment under eligibility criteria determined by Welsh Government to help with the rising costs of fuel. Welsh Government provided guidance documents to aid local authorities with their administration. It is expected that further payments of this type will be made in the Autumn of 2022. In 2021/22 there were a total of 24,700 payments.

Covid-19 Covid NDR Business grants

Further NDR linked grant payments to support businesses with their immediate cash flow and to help them survive the economic consequences of additional restrictions necessary to control the spread of Covid-19 were made on behalf of Welsh Government. Welsh Government provided guidance documents to aid local authorities with their administration. In 2021/22 there were a total of 1,627 payments.

Covid-19 Freelancer 2 grant (CRF2)

Similar to the grant in 2020/21 this provided support to freelance workers in cultural and creative sectors. There were 40 payments of £2,500 to applicants during 21/22.

Covid-19 ERF Discretionary Fund grants

Those businesses that were forced to close or materially impacted by the restrictions in place during the period and did not qualify for NDR Covid-19 Business Support grants or ERF funding from Welsh Government, could apply to the various phased discretionary grants for support. Depending on eligibility criteria these grants varied in award from £1k to £5k. The number of payments for 2021/22 was as follows:

ERF Discretionary Fund 176 payments, Discretionary July - August 26 payments, Discretionary December - February 298 payments including 2 which are being finalised and have been accounted for.

Bus Services Support grant

This is an annual Welsh Government grant that Swansea Council administers on behalf of the South West Wales region. The grant has two main purposes:

To provide a subsidy to local bus and community transport operators through the Live Kilometre Support Grant (LKSG) and secondly to provide funding to the four local authorities to support local bus and community transport services in their areas through the Local Transport Services Grant (LTSG). In 2021/22 there were approximately 195 financial transactions (2020/21 approximately 175 financial transactions).

Notes to the Accounts

Bus Emergency Scheme grant

This is a new grant received since September 2020. This is another grant that Swansea Council are administering on behalf of the South West Wales region to provide additional funding to local bus operators to make up for the lack of 'on bus' revenue as passenger numbers have plummeted and also because social distancing has had to be introduced on vehicles, which has meant duplicates having to be introduced at school peak times. The 2021/22 grant led to 175 financial transactions (2020/21 94 financial transactions).

Town Centre Loans

This repayable funding is offered for the purpose of reducing the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises such as residential, leisure and for key services. Loan terms of up to seven years interest free can be offered and the Authority is tasked with recycling the funding three times prior to the fifteen year award term from the Welsh Government.

Welsh Government Owner Occupier Loans

These are an interest free loan to carry out repairs and improvement to owner occupied properties, subject to an affordability test, repayable in monthly instalments up to a ten year period.

Welsh Government Landlord Loans

These are an interest free loan to bring empty properties back into use or to carry repairs to existing rented properties for landlords, repayable in full in three years if intending to sell the property or five years if letting the property.

Substance Misuse Action Team Capital grants

The Council acts as Banker to enable local organisations to access this Welsh Government scheme. The scheme awards grants to organisations who work in the Substance Misuse sector to improve their premises and IT equipment.

Notes to the Accounts

32. Capital Expenditure and Capital Financing

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

2020/21 £'000		2021/22 £'000
541,806	Opening Capital Financing Requirement	601,973
	Capital investment	
169,051	Property, Plant and Equipment	140,865
224	Heritage Assets	293
7,480	Investment Properties	0
192	Intangible Assets	359
29,438	Revenue Expenditure Funded from Capital under Statute	6,264
	Sources of finance	
-2,097	Capital receipts	-5,877
-95,285	Government grants and other contributions	-65,737
	Sums set aside from revenue:	
-33,934	Direct revenue contributions	-32,260
-14,902	MRP/loans fund principal	-16,907
601,973	Closing Capital Financing Requirement	628,973
	Explanation of movements in year	
52,459	Increase in underlying need to borrowing	31,490
441	Assets acquired under finance leases	614
7,267	Other movements in year	-5,104
60,167	Increase/decrease(-) in Capital Financing Requirement	27,000

Notes to the Accounts

33. Termination Benefits

During 2021/22 the Authority incurred significant expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

In particular on 17th November 2011, in order to meet significant budget savings required for the financial year 2011/12 and onwards, the Cabinet authorised officers to seek expressions of interest for voluntary redundancy and/or early retirement from within selected employee groups of the Authority in accordance with the Authority's agreed ER/VR policy. The offer remains extant on a rolling basis.

Costs were incurred relating to redundancy payments and early access to pension costs totalling £0.951m (2020/21 £0.922m) for the year.

These costs include provision for costs for a limited number of employees whose service will be terminated in 2022/23 but who had been offered - and accepted - severance terms as at 31st March 2022.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs include both teaching and non teaching staff.

34. Pension Schemes Accounted For As Defined Contribution Schemes

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

Notes to the Accounts

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as a basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 11,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31st March 2022, the Authority's own contributions equate to approximately 0.3%.

In 2021/22 the Authority paid £19.7m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay. The figures for 2020/21 were £18.5m and 23.7%. The March 2022 contributions of £1,686,893 were paid on the 7th April 2022. The contributions due to be paid in the next financial year are estimated to be £20.1m at an employer rate of 23.68%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 35.

The Authority is not liable to the scheme for any other entities' obligations under the plan.

35. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by the City and County of Swansea - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Notes to the Accounts

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the City and County of Swansea. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and the committee consist of the Director of Finance, Council members and independent investment advisers.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits in the reported cost of services is recognised 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 General Fund and Housing Revenue Account via the Movement in Reserves Statement.

Notes to the Accounts

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2021/22 £m	2020/21 £m	2021/22 £m	2020/21 £m
Comprehensive Income and Expenditure Statement				
Net Cost of Services:				
Current service cost	96.14	67.22	0.00	0.00
Past service costs	0.51	0.70	0.00	0.12
Financing and Investment Income and Expenditure				
Net interest expense	17.70	16.36	1.94	2.04
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	114.35	84.28	1.94	2.16
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets	-137.09	-289.15	0.00	0.00
Actuarial gains(-) and losses arising on changes in demographic assumptions	-22.59	0.00	-1.22	0.00
Actuarial gains(-) and losses arising on changes in financial assumptions	-154.24	400.79	-2.45	8.47
Other	6.41	-18.95	0.35	-0.80
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	-193.16	176.97	-1.38	9.83
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	-114.35	-84.28	-1.94	-2.16
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	46.32	44.38		
Retirement benefits payable to pensioners			5.61	5.78

Notes to the Accounts

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2021/22 £m	2020/21 £m	2021/22 £m	2020/21 £m
Present value of the defined benefit obligation	2,236.61	2,297.22	88.26	95.25
Fair value of plan assets	1,610.24	1,431.37	0.00	0.00
Net liability arising from defined benefit obligation	-626.37	-865.85	-88.26	-95.25

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2021/22 £m	2020/21 £m	2021/22 £m	2020/21 £m
Opening fair value of scheme assets	1,431.37	1,105.70	0.00	0.00
Interest income	30.19	25.57	0.00	0.00
Remeasurement gain/loss(-):				
The return on plan assets, excluding the amount included in the net interest expense	137.09	289.15	0.00	0.00
Contributions from employer	46.32	44.38	5.61	5.78
Contributions from employees into the scheme	11.77	11.16	0.00	0.00
Benefits paid	-46.50	-44.59	-5.61	-5.78
Closing fair value of scheme assets	1,610.24	1,431.37	0.00	0.00

Notes to the Accounts

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2021/22 £m	2020/21 £m	2021/22 £m	2020/21 £m
Opening Balance at 1st April	2,297.22	1,838.96	95.25	91.20
Current service cost	96.14	67.22	0.00	0.00
Interest cost	47.89	41.93	1.94	2.04
Contributions from scheme participants	11.77	11.16	0.00	0.00
Remeasurement gains(-) and losses:				
Actuarial gains/losses arising from changes in demographic assumptions	-22.59	0.00	-1.22	0.00
Actuarial gains/losses arising from changes in financial assumptions	-154.24	400.79	-2.45	8.47
Other	6.41	-18.95	0.35	-0.80
Past service cost	0.51	0.70	0.00	0.12
Benefits paid	-46.50	-44.59	-5.61	-5.78
Closing balance at 31st March	2,236.61	2,297.22	88.26	95.25

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2021/22 £'000	2020/21 £'000
Cash and cash equivalents	31,832	40,346
	31,832	40,346
Pooled Equity Investment Vehicles		
- UK	0	0
- Global *	2,079,114	1,879,292
	2,079,114	1,879,292
Property	109,377	96,274
	109,377	96,274

Notes to the Accounts

	Fair value of scheme assets	
	2021/22 £'000	2020/21 £'000
Fixed Interest:		
- Fixed Interest	241,705	230,537
- Index-Linked	37,745	35,919
	279,450	266,456
Hedge Funds	60,857	60,062
	60,857	60,062
Private Equity	197,918	146,891
	197,918	146,891
Infrastructure	86,613	75,665
	86,613	75,665
Private Debt	56,248	37,980
	56,248	37,980
Residential Housing	18,192	0
	18,192	0
Timberland & Farmland	133	0
	133	0
Derivatives	1,632	2,637
	1,632	2,637
Cash Funds	0	4,330
	0	4,330
Cash - Dividends Due	301	40
	301	40
Net Current Assets	2,565	4,482
	2,565	4,482
Total Assets	2,924,232	2,614,455

* Note - The three segregated equity funds with JP Morgan, Aberdeen and Schroders Uk were transitioned in January 2019 to the Wales Pension Partnership Global Opportunities Fund, a Pooled Equity Investment Vehicle.

Notes to the Accounts

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The significant assumptions used by the Actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2021/22	2020/21	2021/22	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners: (years)				
- Men	22.1	22.3	22.1	22.3
- Women	24.2	24.3	24.2	24.3
Longevity at 65 for future pensioners: (years)				
- Men	23.2	23.3		
- Women	25.7	25.8		
Rate of inflation %	3.0	2.7	3.0	2.7
Rate of increase in salaries %	4.5	4.2		
Rate of increase in pensions %	3.0	2.7	3.0	2.7
Rate for discounting scheme liabilities %	2.7	2.1	2.7	2.1

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

Notes to the Accounts

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £m	Decrease in Assumption £m
Longevity (increase or decrease in 1 year)	2,158.33	2,314.89
Rate of increase in salaries (increase or decrease by 0.1%)	2,243.32	2,229.90
Rate of increase in pensions (increase or decrease by 0.1%)	2,274.63	2,198.59
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	2,189.64	2,283.58

Asset and Liability Matching (ALM) Strategy

The pensions committee of the City and County of Swansea has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments.

As is required by the pensions and investment regulations the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (78.9% of scheme assets) and bonds (8.4%). These percentages are materially the same as the comparative year. The scheme also invests in properties as a part of the diversification of the scheme's investments. There is a limited use of derivatives to manage the bond risk for the shorter-term instruments. The ALM strategy is monitored annually or more frequently if necessary.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The next triennial valuation is as at 31st March 2022.

Notes to the Accounts

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority expects to pay £47.88m contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 20.8 years (2020/21 20.8 years).

36. Contingent Liabilities

The Authority has identified a number of contingent future liabilities arising from current and past activities.

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Personal Social Services	Unknown	Relates to potential negligence claims relating to those cared for by the Council or its contractors. The Authority is not currently aware of any major claims although recent court ruling against UK government covid discharge policies may increase the future risk of claims.	Unknown
Infrastructure and retaining walls	Unknown	There are potential claims regarding infrastructure and retaining walls which may be taken against the Authority - such claims will be rigorously defended through the Authority's insurers and any successful claims will be met from future capital or revenue funding.	Unknown
Retention or Clawback on Grant and Contract Claims	Unknown	The Council undertakes a range of activities under which payment is made specifically on evidenced performance over an extended period. Full receipt is not guaranteed until the end of the grant or contract period. There is potential risk that grant clawback may arise if not all grant terms and conditions are fulfilled.	Unknown

Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Landlord / Tenant Liability Claims	Unknown	There is potential risk around lease/HRA properties where there are disputes as to whether it is a tenant or landlord property maintenance obligation.	Unknown
Flooding	Unknown	There are potential claims regarding flooding which may be taken against the Authority - such claims will be rigorously defended through the Authority's insurers and any successful claims will be met from future capital or revenue funding.	Unknown
Legal and Insurance related matters	Unknown	The Council is regularly challenged on a range of issues that are either subject to litigation or insurance claims. The Council at all times will vigorously defend such claims, and in cases where claims are identified, the result can be anticipated and the potential financial effect evaluated then adequate provision is made with the Accounts for any such liabilities. There remains the possibility however of future claims arising as a result of past actions that are either unknown at the Balance Sheet date or where the outcome is so unpredictable in terms of outcome or financial liability that no reliable estimate of liability can be made.	Unknown
Client care costs	Circa £1-£5m	The interface between local authority social care, and to a much lesser extent some specialist education provision, and local health boards and other local authorities is a complex one involving discussion and decisions on lead responsibility for payment of client care costs, and in some cases appropriate sharing of costs.	Ongoing

Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
City Deal	Circa £5-£10m	The Council has progressed a range of regeneration and redevelopment schemes within the City Centre using a mix of its own funds and Welsh Government support and City Deal monies have now started to arrive. There is however a residual risk that if the required private sector funding is not delivered there is a possibility of grant clawback if the overall outcomes are not achieved. This risk is partly minimised by the fact that funding agreements are now in place between the Council and the two universities for their element of the City Deal delivery and direct control will be retained for the regional aspects of the City Deal carried out in Swansea.	2022/23 and beyond
Covid-19	Several £m	The position remains fluid and far from assured. Costs incurred at this stage, future costs, plus income foregone now, and for the immediate future, and the impact and scope for recovery of costs and losses across all operations cannot be assessed with any final accuracy at year end but are bound to be substantial for Swansea Council alone (expected to continue to be many millions of pounds). It will have a continuing profound impact on the Council.	2022/23

37. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been grouped into nine valuation bands using 1st April 2003 values for this specific purpose. Charges are calculated by taking the amount of Income required for the Council, South Wales Police Authority and community councils for the forthcoming year and dividing the amount by the Council Tax base.

The Council Tax base is the number of properties in each band adjusted by a multiplier to convert the number to band 'D' equivalent and adjusted for discounts. The base was 94,051 in 2021/2022 (91,923 in 2020/2021).

Notes to the Accounts

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A*) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

The band 'D' numbers shown have been adjusted for an assumed collection rate of 97% (97.5% in 2020/21) to arrive at the Council Tax base for the year.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band 'D' Number	20	9,565	18,996	19,156	14,684	14,122	10,881	6,114	2,290	1,132

Analysis of the net proceeds from Council Tax:

2020/21 £'000		2021/22 £'000
157,751	Council tax collectable	165,026
-4,271	Less:- Provision for non payment of Council Tax	-4,157
-23,183	Less:- Council Tax Support Scheme	-23,138
130,297	Net proceeds from Council Tax	137,731

Application of Council Tax proceeds:

2020/21 £'000		2021/22 £'000
154,343	City & County of Swansea precept	164,600
1,582	Community Council precept	1,640
155,925	Council Tax requirement	166,240
-23,183	Less:- Council Tax Support Scheme	-23,138
-2,445	Transfer to reserves (Surplus/Deficit)	-5,371
130,297	Net application of proceeds	137,731

38. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount of the rate per pound of rateable value which for 2021/22 was 0.535p (0.535p in 2020/21) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR Pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population. The rateable value for 2021/22 was £184.554m (2020/21 £185.527m).

39. Nature and extent of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks, including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might rise for the Authority as a result of changes in such measures as interest rates and stock market movements.

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

Credit Risk

Credit risk arises from deposits with banks, building societies and other local authorities as well as credit exposures to the Authority's customers.

The risk is minimised through the Annual Investment Strategy which outlines the minimum credit criteria required for the Authority. The full details of the credit criteria are outlined in the previously published Treasury Management Strategy report available on the Council's website.

Credit Risk Management Practices

The Authority's credit risk management practices are set out in the Annual Treasury Management Investment Strategy presented to Council in March 2022.

Notes to the Accounts

Amounts Arising from Expected Credit Losses

The changes in the loss allowance during the year are as follows:

Loss allowance by Asset Class

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	Total £'000
Opening balance as at 1 April 2021	0	0	0	7,278	0	7,278
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	621	0	621
Amounts written off	0	0	0	-169	0	-169
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
Balance as at 31 March 2022	0	0	0	7,730	0	7,730

Notes to the Accounts

Loss allowance by Asset Class - Comparative year information

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	Total £'000
Opening balance as at 1 April 2020	0	0	0	6,225	0	6,225
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	1,271	0	1,271
Amounts written off	0	0	0	-218	0	-218
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
Balance as at 31 March 2021	0	0	0	7,278	0	7,278

Notes to the Accounts

Credit Risk Exposure

The Authority has the following exposure to credit risk at 31 March 2022:

	Credit risk rating	Gross carrying amount £'000
12-month expected credit losses	PPP	0
	PP	0
	P	0
Significant increase in credit risk since initial recognition	QQQ	0
	QQ	0
	Q	0
Credit-impaired at 31 March	RRR	0
	RR	0
	R	0
Simplified approach	SSS	0
	SS	0
	S	0

Liquidity Risk

The Authority has a cashflow management system to ensure cash is available when needed. If unexpected movements happen, the Authority has ready access to the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk may be bound to replenish a proportion of its borrowings at times of unfavourable interest rates. The Authority sets limits on the proportion of its fixed borrowing during specific periods and seeks to ensure an even maturity profile through a combination of planning when to take new loans and where economic when to make early repayments.

The maturity structure of financial liabilities at nominal value is as follows:

On 31 March 2021 £'000	Loans outstanding	On 31 March 2022 £'000
86,218	Less than 1 year	90,202
1,361	Between 1 and 2 years	508
13,618	Between 2 and 5 years	20,523
64,663	Between 5 and 10 years	62,807
484,002	More than 10 years	603,634
649,862	Total	777,674

All trade payables are included in less than one year.

Notes to the Accounts

Market Risk

Interest rate risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance.

The Authority has a number of strategies for managing interest rate risk. The policy is to have up to a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to inform budget monitoring during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher than market rate with all other variables held constant, the financial effect would be:

	2021/22 £'000
Increase in interest payable on variable rate borrowings	400
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	239
Impact on Surplus or Deficit on the Provision of Services	639
Share of overall impact debited to the Housing Revenue Account	104
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0

Notes to the Accounts

	2021/22 £'000
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive I&E)	139,718

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

Price Risk

The Authority does not generally invest in traditional equity shares.

Foreign Exchange Risk

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

40. Leasing

Council as Lessor

Operating Leases

The Council was committed as at 31st March 2022 to receive income of £284,851 million (£292,089 million as at 31st March 2021) under operating leases for land & buildings comprising the following elements:

	31st March 2021 £'000	31st March 2022 £'000
Minimum Income		
Not later than one year	5,826	5,428
Later than one year and not later than five years	19,726	18,682
Later than five years	266,537	260,741
	292,089	284,851

Housing Revenue Account Income and Expenditure Statement

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

2020/21 £'000		Note	2021/22 £'000
12,954	Repairs and maintenance		15,466
15,036	Supervision and management		16,476
934	Rent, rates, taxes and other charges		1,125
7,313	Depreciation and impairment of non-current assets	3	5,541
76	Debt management costs		87
36,313	Total Expenditure		38,695
-64,695	Dwelling rents		-65,757
-99	Non-dwelling rents		-110
-3,205	Charges for services and facilities		-3,170
-990	Contributions towards expenditure		-1,155
-68,989	Total Income		-70,192
-32,676	Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement		-31,497
791	HRA services' share of Corporate and Democratic Core		867
-31,885	Net cost for HRA services		-30,630
	HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
6,735	Interest payable and similar charges		6,864
-4	Interest and investment income		-61
394	Impairment Losses		852
920	Net interest on the net defined benefit liability/asset(-)		982
-12,823	Capital grants and contributions receivable		-10,357
-36,663	Surplus(-)/Deficit for the year on HRA services		-32,350

Movement on the Housing Revenue Account Statement

2020/21 £'000		2021/22 £'000
5,341	Balance on the HRA at the end of the previous year	6,244
36,663	Surplus or deficit(-) for the year on the HRA Income and Expenditure Statement	32,350
-35,760	Adjustments between accounting basis and funding basis under statute	-33,355
903	Net decrease before transfers to or from reserves	-1,005
0	Transfers to/from(-) earmarked reserves	0
903	Increase or decrease(-) in the year on the HRA	-1,005
6,244	Balance on the HRA at the end of the current year	5,239

Adjustments between accounting basis and funding basis under statute

Adjustments to Revenue Resources

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

2,052	Pension costs (transferred to (or from) the Pensions Reserve)	3,278
0	Financial instruments (transferred to the Financial Instruments Adjustment Account)	0
264	Holiday pay (transferred to the Accumulated Absences Reserve)	-35
-5,510	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-4,817
-3,194	Total Adjustments to Revenue Resources	-1,574

Adjustments between Revenue and Capital Resources

-3,366	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-3,657
-29,200	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-28,124
-32,566	Total Adjustments between Revenue and Capital Resources	-31,781
-35,760	Total Adjustments	-33,355

Notes to the Housing Revenue Account

1. Housing Stock

As at 31st March 2022 the Authority owned a total of 13,637 properties, made up of different types of dwelling including detached houses, semi-detached houses, bungalows, low level flats, high rise accommodation and sheltered accommodation.

The change in stock numbers can be summarised as follows:

31/03/2021		31/03/2022
Units		Units
13,533	Stock at 1 st April	13,577
24	Additions (operational dwellings)	55
20	Additions (non-operational dwellings)	5
13,577	Stock at 31st March	13,637

2. Capital expenditure

During 2021/22 £44.777m (2020/21 £43.006m) was spent on HRA Properties.

This was financed as follows:-

2020/21		2021/22
£'000		£'000
9,220	Grants – Major Repairs Allowance	9,271
2,779	Grants - Other	2,282
685	Capital Contributions	0
29,200	Revenue and Balances	28,124
1,122	Borrowing	5,100
43,006	Total	44,777

The Major Repairs Allowance was used in full in 2021/22 and 2020/21.

Notes to the Housing Revenue Account

3. Depreciation charges and impairment

The total charge for depreciation and impairment made to the HRA for 2021/22 amounted to £5.541m (2020/21 £7.313m) and is analysed as follows:-

2020/21 £'000		2021/22 £'000
	Depreciation on operational assets	
7,159	- dwellings	7,176
24	- other property	36
43	Depreciation on non-operational assets	94
	Revaluation Gains (-) and Losses on operational assets	
0	- dwellings	-2,381
0	- other property	25
74	Revaluation Losses on non-operational assets	555
	Impairment	
0	- dwellings	0
13	- other property	36
7,313	Total	5,541

The depreciation charge in respect of HRA assets is not an actual charge against the HRA Balance. It is reversed out in the Movement on the HRA Statement, and replaced with HRA Minimum Revenue Provision specified in the Item 8 Determination, via a transfer to or from the Capital Adjustment Account.

1. Scope of Responsibility

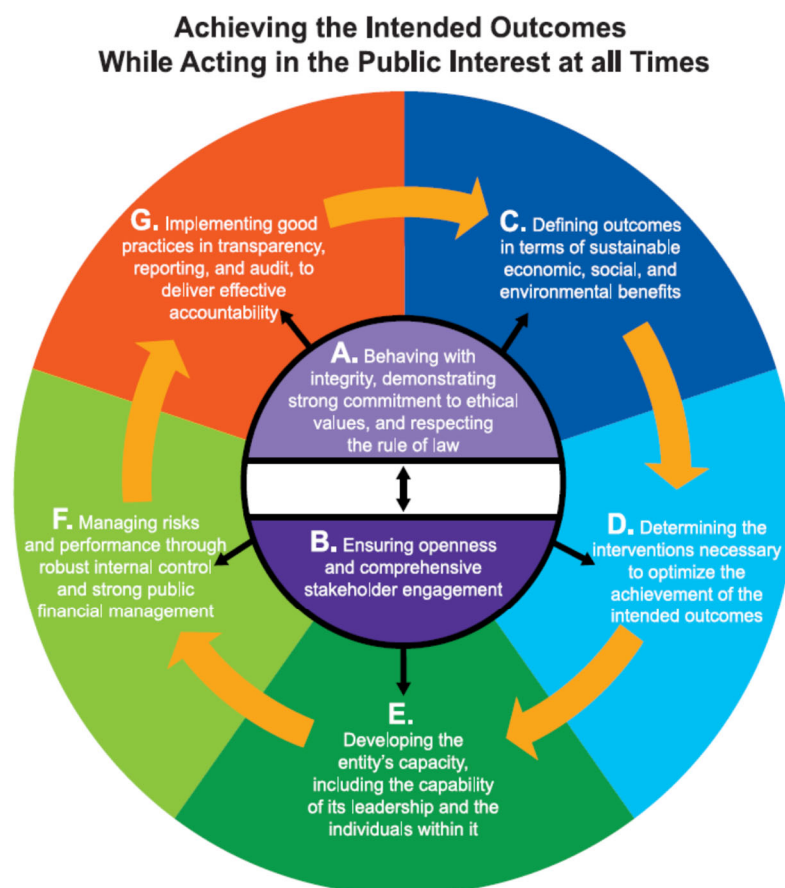
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the City and County of Swansea is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The City and County of Swansea adopted a Code of Corporate Governance on 24 August 2017, which is consistent with the principles of the new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. A copy of the Code can be found on the Council's website.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the City and County of Swansea throughout the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

- 3.1 The Council has adopted a Code of Corporate Governance based on the “*Delivering Good Governance in Local Government*” framework published by CIPFA and SOLACE in 2016.



- 3.2 This Statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018). The Council aims to achieve a good standard of governance by adhering to the 7 key principles of the CIPFA/Solace 2016 Guidance.

- 3.3 The 7 key principles are:

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B) Ensuring openness and comprehensive stakeholder engagement.
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- F) Managing risks and performance through robust internal control and strong public financial management.
 - G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.4 The application of the principles of good governance is summarised below which sets out supporting information for the 7 key principles.
- 3.5 **Note - The issues set out within the Governance Statement have been materially affected by the COVID-19 pandemic. However, it should be noted that the Statutory Governance Chief Officers and CMT continued to maintain corporate grip to ensure that sufficient governance was maintained throughout this unprecedented crisis and during the recovery.**

Principle A

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

Sub Principles:

Behaving with Integrity

Demonstrating strong commitment to ethical values

Respecting the rule of law

How we do this:

- The behaviour and expectations of officers/members is set out in the Constitution, Officer and Member Code of Conduct and Protocol.
- The Monitoring Officer provides training on the code of conduct and ensures the highest standards of conduct by the authority, members and officers – including use of Council email protocol.
- The Standards Committee is responsible for monitoring and scrutinising the standards of Members.
- Member led authority principles with training to senior officers and Cabinet members.
- Compliance with a suite of policies/rules set out in the Constitution.
- The Constitution sets out requirements as to gifts and hospitality and there are regular reminders circulated to both officers and members.
- Adoption of Member Dispute Resolution Protocol.
- Officers/members declarations of interest.
- Officer Secondary Employment Policy.

- The Council's appraisal and recruitment system based on competencies, training and objectives underpin personal behaviours with ethical values.
- Commitment to working to promote high standards of performance based on the Nolan principles.
- Adoption of Welsh Government ethical ways of working.
- The Swansea Pledge.
- The Constitution contains comprehensive Procurement and Financial Procedure Rules.

- The Statutory officers and Members ensure compliance with legislative and regulatory requirements via a robust framework including the scheme of delegation, induction training, standing procedures and rules set out in the Constitution.
- Reports to Committees have legal/finance clearance.
- Robust Scrutiny and Call-In function.
- Robust audit challenge.
- External challenge from auditors, Ombudsman and other external agencies.
- The Monitoring Officer ensures the Council complies with statute and reports on any maladministration.
- An effective anti-fraud and corruption framework supported by a suite of policies i.e. whistleblowing.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

How we do this:

- The Council is committed to ensuring an open culture evidenced by open meetings and publication of agendas and minutes.
- A Forward Plan showing key decisions to be made by Council and Cabinet is published.
- There is appropriate Consultation and Engagement supporting the decision making process including annual budget consultation, co-production, engagement with trade unions and engagement with Disability and LGBT communities.
- There are Public questions at Council and Cabinet.
- There is engagement with children and young people to meet the requirement of the UNCRC.
- There is pre-decision scrutiny of Cabinet decisions and Call-In procedure
- Corporate risks are published.

- The Council adopts a Team Swansea approach working as a whole Council and effectively engages with stakeholders to ensure successful and sustainable outcomes by:
 - targeting communications;
 - effective use of social media;
 - formal and informal meetings with key stakeholder groups i.e. External auditors, Welsh Government, Health board.
- The Council has an extensive range of partnerships to support the delivery of the Council's objectives including:
 - The Public Services Board.
 - The Safer Swansea Partnership.
- The Council has adopted the Community/Town Council Charter and facilitates the Community/Town Council forum meetings with the 24 Councils.

- The Council has appropriate structures in place to encourage public participation which is used to inform proposals and key decisions including:
 - A Consultation and Engagement Strategy.
 - A Co-production Framework.
 - "Have your Say" consultations on website.
 - The Scrutiny Programme Committee invites stakeholder contributions and participation.
 - A Staff Survey with responses considered by CMT/Senior Management.
 - A Complaints Policy and Annual Report to assess organisational learning and change.
 - The appointment of Councillor Champions who provide a voice for under-represented groups.
 - An Integrated Impact Assessment to assess the equality, socio-economic and sustainability impacts on people with protected characteristics and future generations.

Principle C

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

Sub Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this:

- The Council has a clear vision which is set out in the Corporate Plan *Delivering a Successful & Sustainable Swansea* which prioritises 6 Well-being Objectives.
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly and annual performance monitoring by CMT/Cabinet.
- There is an Annual Performance Review.
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities.
- There is monthly Performance and Financial Monitoring meetings held for each Directorate.
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny.

- The Council takes a long term and sustainable view and balances the economic, social and environmental impact of policies and plans by:
 - Medium Term Financial Planning covering 3 financial years approved annually by Council.
 - Refresh of the Corporate Plan annually
 - Annual service planning.
- The Council's new *Achieving Better Together Recovery and Transformation* programme, which replaces *Sustainable Swansea: Fit for the Future* seeks to allow the Council to recover from the COVID-19 pandemic and modernise and transform the council to meet the longer term challenges and ensure sustainable provision of services.
- There is public and stakeholder engagement.
- Council has passed a motion on tackling the climate emergency and has set a target and means to achieve net zero carbon emissions by 2030, including expanding our fleet of green vehicles, increasing tree cover, installing solar panels and improving energy efficiency.

Principle D

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

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this:

- The Council ensures that decision makers receive objective and rigorous analysis of options with intended outcomes and risks by:
 - written reports from Officers;
 - report clearance by legal, finance and Access to Services officers;
 - embedding of impact assessment in decision making process;
 - clear option appraisals reflected in reports detailing impact, risk and any best value considerations.
- The results of consultation exercises are fully considered by decision makers with consultation responses set out in report.
- Consultation on budget proposals is extensive and includes roadshows with staff.
- The Council has a Corporate Risk Management Policy.

- The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through:
 - A timetable for producing and reviewing plans on an annual basis.
 - Working with a consultation and engagement strategy.
 - Quarterly and annual performance monitoring including achievement of national and local performance indicators.
- There is robust Medium Term Financial Planning.
- There is an Annual budget setting process in place including an extensive consultation exercise.

- The Council ensures the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities.
- To ensure that the budget process is all inclusive there is regular engagement with members with robust scrutiny by the Service Improvement & Finance Scrutiny Performance Panel.
- *Achieving Better Together* (replacing Sustainable Swansea – Fit for the Future).
- The Council ensures the achievement of “social value” through the effective commissioning of service in compliance with CPR’s e.g. Beyond Bricks and Mortar (community benefit clauses in council contracts).

Principle E

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

Sub Principles:

Developing the entity's capacity

Developing the capability of the entity's leadership and other individuals

How we do this:

- The Council aims to ensure that Members and Officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve intended outcomes by:
 - adopting a comprehensive induction training programme for members and officers;
 - a Councillor Training Programme based on a Training Needs Assessment;
 - annual performance review of staff;
 - adoption of a mentoring scheme.
- Operational capacity is supported by the Transformation & Future Council objective to help tackle rising demand and reducing revenue budget.
- The Organisational Development Strategy aims to develop the right staff with the right skills to work in a sustainable way.
- There is engagement with benchmarking groups such as APSE, CIPFA.
- There is collaborative and partnership working including the Public Service Board, Regional Partnership Board, ERW.

- Effective shared leadership and understanding of roles and objectives is supported by:
 - The Leader and Chief Executive have clearly defined leadership roles.
 - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive.
 - There has been member led training with both senior officers and cabinet members.
 - There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service.
 - The Transformation and Future Council objective and the Organisational Development Strategy.
- The Constitution sets out the Scheme of Delegation which is regularly reviewed.
- Annual appraisal and performance review.

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Principle F

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

Sub Principles:

Managing risk

How we do this:

- Risk management is an integral part of decision making supported by:
- A Corporate Risk Management Policy with clear nominated officer responsibility.
- New risk register application.
- Monthly review of risks by CMT.
- Monthly review of Directorate Risks at PFM meetings.
- The publication of Corporate Risks allowing greater scrutiny.
- The Governance & Audit Committee regular review of risks (see paras 8.34 & 9)

Managing performance

- There are quarterly performance monitoring reports to Cabinet.
- Each Head of Service produces an Annual Service Plan setting out clear objectives and SWOT analysis of their service.
- There are regular reports as to performance indicators and milestones against intended outcomes.
- There is robust scrutiny challenge by pre decision scrutiny, inquiries and Call-In.
- Monthly Directorate Performance and Financial Monitoring meetings.

Robust internal control

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Governance & Audit Committee.
- The Governance & Audit Committee provides independent and objective assurance on effectiveness of internal control, risk management and governance arrangements.
- The Council is dedicated to tackling fraud and corruption and has an Anti-Fraud and Corruption Policy and Whistleblowing Policy
- The Governance & Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Governance & Audit Committee.

Managing data

- The Council demonstrates effective safeguarding of personal data and information by:
 - The appointment of a Data Protection Officer.
 - The adoption of a Data Protection Policy.
 - An Information Governance Unit and Senior Information Risk Officer.
 - An information asset register
 - The Council is signed up to the Wales Accord for Sharing Personal Information (WASPI).
 - Data Protection training is mandatory.

Strong public financial management

- The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan.
- Financial management is integrated at all levels of planning and control by:
 - financial implications are included in all decision making reports;
 - there is a specific Corporate risk around Financial Control and MTFP owned by the S151 officer.

Principle G

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

Sub Principles:

Implementing good practice in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this

- The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:-
- - A Report Authors Protocol which ensures consistency in reports.
- A Clear Writing guide for Officers.
- All reports are signed off by Cabinet Member, legal, finance and Access to Services officers.
- The Council has a Publication Scheme which is available on the website.
- Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report.
- Publication of delegated decisions.
- Reports are published on the website and agendas are published in the Welsh Language.

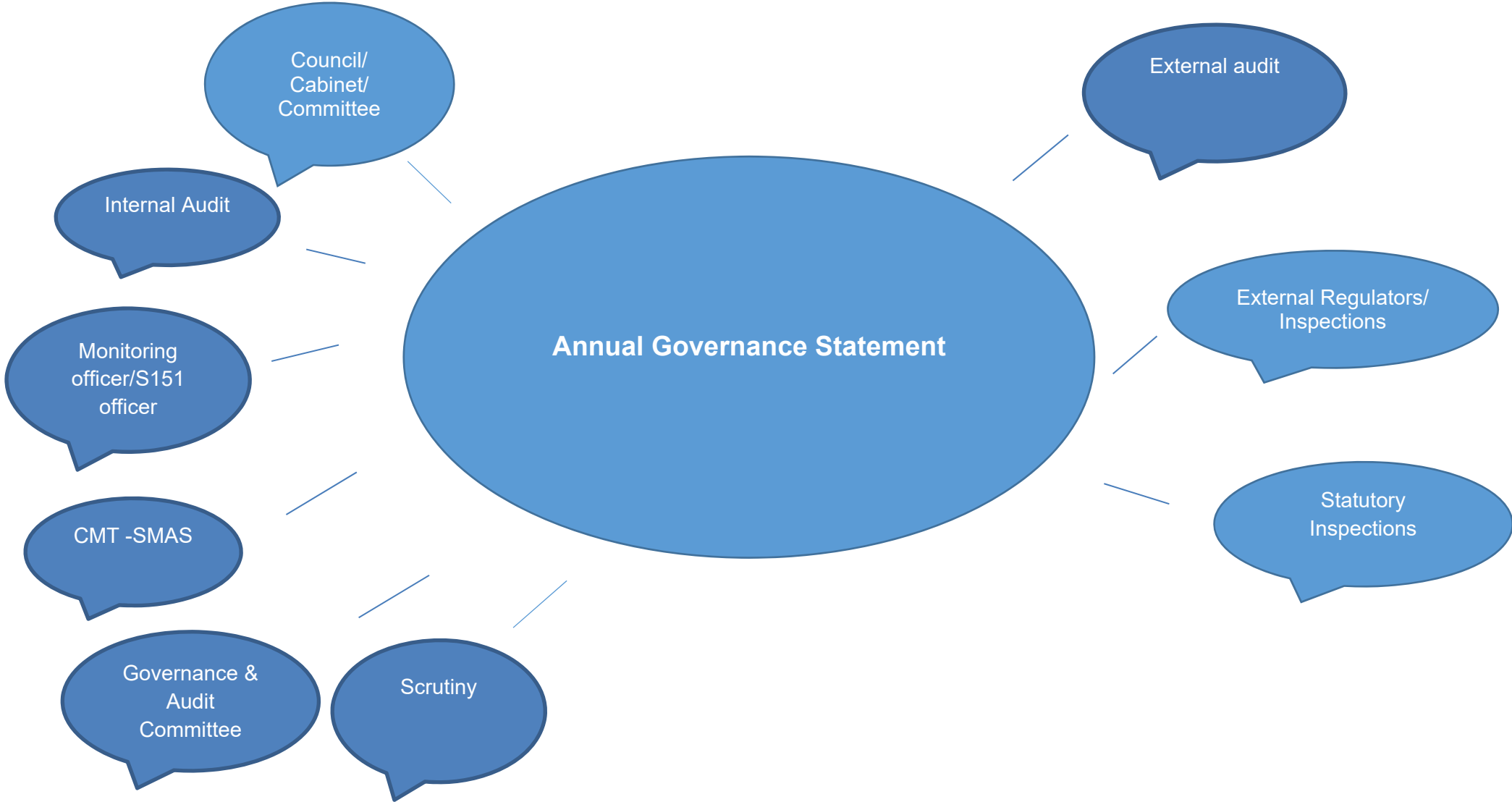
- The Council reports at least annually on performance as evidenced by:
 - Quarterly and annual reports to Cabinet on performance.
 - An annual Review of Performance report setting out how the Council has performed in meeting its Corporate Objectives.
 - The Annual Statement of Accounts audited by external auditor and approved by Council and published demonstrates how the Council has achieved performance, value for money and the stewardship of resources.
- Senior Managers complete Self-Assessment & Management Assurance Statements (SMAS) reflecting performance against governance, risk management and internal control. The SMAS contribute to the Annual Governance Statement.
- The Council have adopted the Code of Corporate Governance based on CIPFA framework.

- Through the assurance mechanisms set out below the Council can demonstrate effective accountability:
- The Internal Audit work plan provides assurance on the council's control mechanisms, risk management and governance arrangements which is monitored by the Governance & Audit Committee.
- All agreed actions from Internal Audit reviews are monitored.
- Reports and plans to implement Audit Wales and Internal Audit recommendations reported (as relevant) to Scrutiny and Governance & Audit Committee.
- Peer Review and inspection from regulatory bodies and external compliance reviews which are reported to CMT/Cabinet and used to improve service delivery.
- There is Scrutiny and audit review of Audit Wales reports and action plans.
- Assurance on risks associated with delivery of services through third parties is achieved by:
 - Commissioning and monitoring arrangements and compliance with Contract Procedure Rules.
 - SMAS reflect risk assessments in relation to partnership/third party working.

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Internal Assurance

External Assurance



4. Review of Effectiveness

- 4.1 The City and County of Swansea annually reviews the effectiveness of its governance framework including the system of internal control.
- (a) Statements from Corporate Management Team (CMT), Statutory Officers, the Internal Audit Manager and the Audit Committee.
 - (b) External organisations i.e. Audit Wales and regulators.
 - (c) Core evidence mapped to Council, Cabinet and Committees.
- 4.2 The following highlights the review of the governance framework in order to compile the Annual Governance Statement and sets out the assurance of CMT, officers and external organisations.

INTERNAL SOURCES OF ASSURANCE

5 Corporate Management Team/SMAS

- 5.1 The Self-Assessment & Management Assurance Statement (SMAS) form part of the governance and performance self-assessment framework. The new performance self-assessment requirements introduced by Part 3 of the Local Government and Elections Act 2021 have been incorporated into the SMAS during 2021/22. The information will be used to develop both the Annual Governance Statement and the Annual Self-Assessment Report as required by Part 3 of the Local Government & Elections Act. Through the SMAS each Director responds to 12 good governance and performance statements covering:
- Vision, Strategy & Performance.
 - Organisational Governance, Ethics and Values.
 - Organisational Leadership.
 - Customer & Community Engagement and Involvement.
 - Resources Planning & Management.
 - Risk Management & Business Continuity.
 - Partnership / Collaboration Governance.
 - Internal Control Environment.
 - Compliance with Policies, Rules Legal and Regulatory Requirements.
 - Fraud & Financial Impropriety.
 - Programme and Project Assurance.
 - Innovation & Change Management.
- 5.2 The Directors assess assurance using a 5 point maturity scale for their areas of responsibility ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.
- 5.3 The four SMAS from the Directors of Corporate Services and Finance (combined), Social Services, Place and Education are challenged and reviewed at CMT.

- 5.4 The assurance statements showed overall that there were no categories that were deemed as being “Not in place” or with “Limited Application”. A small number (13.8%) of categories were regarded as showing “Mixed Application”. These categories with the most showing mixed application were: Resources Planning & Management (4) and Vision, Strategy & Performance (3). These have been captured in the significant governance risks for 2022/23 where relevant. However, 64.2% demonstrated “Strong Application” and 20% were described as “Embedded”. A limited number of categories (1.9%) were left blank where a Director regarded them as non-applicable to their directorate, e.g. where a category was deemed a corporate or other directorate responsibility.
- 5.5 The Council established an Annual Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is led by the Deputy Chief Executive and members include the Council’s Section 151 Officer and Monitoring Officer, as well as the Strategic Delivery & Performance Manager and a member of the Governance & Audit Committee. The Chief Internal Auditor attends in an advisory capacity. The work of the Group in reviewing the SMASs and finalising the Annual Governance Statement and CMT in reviewing and approving the SMASs and Statement was disrupted by the COVID-19 situation; the Group met twice during 2021/22. CMT reviewed the SMAS and draft Annual Governance Statement on 23rd March 2022. The Significant Governance Issues for 2022/23 as identified by CMT are those set out below.

6. The Monitoring Officer

- 6.1 The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- 6.2 In 2021/22 the Standards Committee considered one referral from the PSOW which related to Mumbles Community Council. During 2021/2022 the Monitoring Officer was notified of 26 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 22 of those complaints. 3 complaints are being investigated and 1 complaint is outstanding. In relation to complaints reported to the PSOW the Committee receive regular updates as to the status of complaints. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.
- 6.3 The Local Government and Election (Wales) Act 2021 brings in new duties for Standards Committees in Wales from May 2022. The Committee was provided with updates on 4 December 2020 and on 9 March 2022 the Committee considered changes to their Terms of Reference so as to comply with the legislation.

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- 6.4 The Standards Committee Annual Report 2020/21 was presented to Council on 2 December 2021. The Report reflected the Committee's view that generally the conduct of members was high with the Committee only having to consider one complaint against a community councillor.
- 6.5 In January and March 2022 the Standards Committee interviewed the Leader and all Leaders of the Opposition Groups. The discussion with group leaders focused on their new duties under the legislation and how they would meet that duty. The Monitoring Officer is therefore of the view that the Authority is in a good position to comply with the new legislative requirements.
- 6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2021/22.
- 6.7 Work on the Council Constitution has been progressed with amendments being made to the Land Transaction Procedure Rules, Article 12 – Officers and terms of reference of the Governance and Audit Committee. Further constitutional changes will be progressed during 2022/23.

7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2021/22. The reports consistently identified some service revenue budget overspends at year-end, driven exclusively by Covid spending, albeit reducing throughout the year and by third quarter down to a miniscule margin of variation, once adjusted for Covid, so that service underspend was as likely as overspend based on available information. Towards the year-end the pace and scale of reimbursement of costs and lost tax and service income from Welsh Government became increasingly clear and as a result at several verbal updates on third quarter position to Cabinet, Council, Governance & Audit Committee and Scrutiny panels, the S151 Officer advised an overall significant outturn underspend was once again expected.
- 7.1.1 Total service underspending has now been confirmed (at just over £20m) and is an extremely good outcome. On an even more positive note the equally fully planned substantial continued underspending on capital financing (£6.2m) and contingency, central inflation and other corporate items including additional Welsh Government Covid grants (also around £21m) has enabled sums to be added to the recovery reserve, the capital equalisation reserve, the general reserve and some to be carried forward once again on contingency which is a prudent way of planning for and addressing some of, the future certain increased costs of financing the ambitious mid-term capital programme and the uncertainty of COVID-19.
- 7.2 A verbal **Mid Term Budget Statement 2021/22** was presented to Council in November this year given the substantially delayed settlement due to Covid and the Comprehensive Spending Review. The written report on the **Review of Reserves** was presented to Council on 07/10/21, which provided a strategic and focussed assessment of the current year's financial performance

and an update on strategic planning assumptions over the next 3 financial years.

- 7.2.1 The conclusion of the Statement was that the Council could potentially struggle to deliver within the overall resources identified to support the budget in 2022/23 and beyond unless the local government settlement was much enhanced and preferably multi-year (the quantum was duly confirmed much enhanced by March 2022 and pleasingly was a three year settlement albeit heavily front loaded then dropping off significantly). The likely projected outturn was dependent upon the ability of the Council to reduce and restrict ongoing expenditure across all areas, its ability to recover expenditure and lost income from Welsh Government and continued reliance on active capital financing strategies to maximise the short term savings to enable the capital equalisation reserve to be bolstered for the medium to long-term recognising the major future capital commitments already irrevocably made by Council decisions on the size of the capital programme and associated borrowing.
- 7.2.2 The Revenue and Capital Budgets were approved by Council on 03/03/22. They continued to set out an ongoing ambitious programme of approved capital spending plans and future capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing now fully externalised at fixed rates for up to 50 years de-risking general fund exposure to future interest rate movements) which would require modest budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. These plans are likely to still be affected by ongoing ripple effects of COVID-19. It remains entirely unclear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part, or in full, that the Authority faces in responding both locally, with partners, and supporting the national strategic response to the COVID-19 pandemic during the first part of 2022-23.
- 7.2.3 The impact will be very financially material on the 2021-22 accounts but the national lock down arrangements and the prioritisation of the response to COVID-19 may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts.
- 7.3 The **Medium Term Financial Plan 2023/24 – 2025/26** was approved by Council on 03/03/2022. The Plan outlined the range of options around funding faced by the Council over the period, the key reliance on the scale and value of future local government finance settlements and the strategy to be adopted to address the various scenarios as well as the inherent risks to the success of the adopted strategy.
- 7.3.1 All spending and funding assumptions were set before the ongoing economic scale of the repayment of costs incurred during COVID-19 pandemic was fully apparent, exacerbated by the late nature of the UK and Welsh government budget setting processes. Whilst the Authority will consider future spending

plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to close facilities and reduce the level of service provision.

7.4 Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.

7.5 **Audit Wales Annual Audit Summary 2021.** Audit Wales noted that their opinion on the financial statements was qualified. This was because the Council misclassified historical cost depreciation between its revaluation reserve and its capital adjustment account resulting in both being potentially materially misstated; the Council is undertaking further analysis to assess and correct the level of potential error. During 2020-21, Audit Wales examined the financial sustainability of each council in Wales. They concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties concerning continuous improvement for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

7.5.1 The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are:

- Investment Strategy Statement.
- Internal Dispute Resolution Process.
- Funding Strategy Statement.
- Administration Strategy Statement.
- A full actuarial valuation to be carried out every third year.
- Communications Strategy Statement.

8. Chief Auditors Opinion

8.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.

8.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.

8.3 The table below provides a summary of the assurance levels across the audits completed in 2021/22:

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2021/22 Audit Ratings Summary		
Total Number of Audits Finalised	90	
Assurance Rating	Number	%
High Assurance	38	42
Substantial Assurance	48	53
Moderate Assurance	4	5
Limited Assurance	0	0

- 8.4 As can be seen in the table above, the outcome of 86 (95%) of the 90 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 8.5 As has been reported to the Governance & Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past three years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2021/22.
- 8.6 In total there are 14 audits which are classed as fundamental audits. The fundamental audits are the core systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2021/22, 10 of the 14 fundamental audits have a high level of assurance. Three have a substantial level of assurance (Accounts Payable, Business Rates and Employee Services) and one has a moderate level of assurance (Accounts Receivable).
- 8.7 Prior to the audit in 2019/20, the Business Rates audit had received a consistent high assurance level and had therefore been subject to an audit every two years. However, as a result of the findings of the audit undertaken in 2019/20, a substantial level of assurance was awarded and as a result this audit is completed on an annual basis.
- 8.8 The Governance & Audit Committee was made aware that we were unable to complete the review of Business Rates in 2020/21 due to the fact that the department had to swiftly adapt to facilitate the roll out of the various Covid-19 support schemes, and as such the Business Rates Section did not have the capacity to accommodate an audit. Additional work was completed by the Audit Team during this period to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council's continued response to the Covid-19 pandemic. However, Internal Audit was able to complete the review of Business Rates in 2021/22 with a substantial level of assurance being awarded.
- 8.9 The Accounts Payable audit also received a substantial assurance level in 2021/22, as was also the case in the past three financial years. As a result, this will continue to be audited on an annual basis.

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- 8.10 The Accounts Receivable audit received a moderate assurance level in 2021/22, as has also been the case in the previous three financial years. The Governance & Audit Committee has received a number of updates from the relevant managers within the department in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2022/23 as required.
- 8.11 It is disappointing that the Accounts Receivable audit received a fourth moderate assurance rating in 2021/22. As detailed in updates provided to the Governance & Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced staff resources. As noted in previous annual reports, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Council and this continues to be the case.
- 8.12 Despite this, as stated previously it should be noted that of the 14 fundamental system audits, 10 have a high assurance level and three have a substantial assurance level. In addition, the results of the work undertaken in 2021/22 shows that as at the 31st March 2022, 95% of all of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Council the systems of internal control are operating effectively.
- 8.13 The Internal Audit Team has continued to operate in a very challenging environment throughout 2021/22. As a result of continued challenges also being faced by client departments caused by the ongoing pandemic, a small number of audits on the 2021/22 audit plan had to be deferred to 2022/23. However, we have successfully completed a significant number of audit activities on the 2021/22 plan with 94 audit activities (72%) issued as final or completed and 2 audits (2%) issued as draft, with an additional 11 audits (8%) in progress at year end. As a result, 82% of the audit activities on the 2021/22 audit plan had either been completed or were in progress at year end. This is a positive result given the circumstances faced by the Team. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.
- 8.14 A review was also undertaken in March 2022 to establish whether those charged with governance within the Council had undertaken a detailed review of their financial management arrangements. The review was undertaken to determine whether the standards, as defined by the Financial Management Code (FM Code) introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA) were being met. The FM Code is designed to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The FM Code is based on a series of principles supported by specific standards. The requirement to be fully compliant with the FM Code came into effect from the 1 April 2021.

- 8.15 Our review confirmed that the Director of Finance & Section 151 Officer had completed a number of self-assessment exercises to benchmark Swansea Council's processes and practices against the FM Code Standards using a RAG Rating approach throughout 2021/22 which have been presented to Corporate Management Team. The RAG rating approach evaluated the Council's level of compliance with each element of the Financial Management Standards as follows:
- Rag Rating:
- Green - Compliance is being demonstrated.
 - Amber - Minor to moderate improvements are required to demonstrate full compliance.
 - Red - Moderate to significant improvements are required to demonstrate full compliance.
- 8.16 The latest high-level self-assessment review completed in February 2022 concluded that of the 17 Standards, the Council could demonstrate full compliance with 13 standards (assessed as green) with minor to moderate improvements required to demonstrate full compliance with the remaining 4 standards (assessed as amber).
- 8.17 Changes that have been made throughout the year in order to improve the level of compliance with the Standards have been clearly documented as part of the self-assessment process. In addition, the self-assessment includes a comprehensive list of evidence to substantiate and support the Director of Finance & Section 151 Officer's assessment of compliance.
- 8.18 To conclude, the self-assessment review completed by the Director of Finance & Section 151 Officer demonstrates that the Council is broadly compliant with the FM Code, with only minor to moderate improvements being required to demonstrate full compliance with 4 of the 17 Standards.
- 8.19 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance and Audit Committee has received regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the Corporate Risk Register. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date. The new Risk Management System has also been further embedded in the year which has improved the monitoring and control of risks.
- 8.20 As per the Terms of Reference, the Governance and Audit Committee must be satisfied that they have sufficient information in order to gain assurance over the risk management controls across the Council. Prior to the introduction of the new Risk Management System, the Committee highlighted concerns over the amount of information that was available to Members to allow them to discharge this responsibility. These concerns were also echoed by the Council's External Auditors. The introduction of the new Risk Management System has facilitated greater scrutiny of the risk management

arrangements in place by the Governance and Audit Committee and detailed reports from the new system have been presented to the Committee throughout the year.

- 8.21 A number of concerns were raised previously by both the Chief Auditor and the Governance and Audit Committee in relation to the documentation of the mitigating control measures recorded in the Risk Register for a number of Corporate Risks.
- 8.22 As part of the migration from the old Risk Registers to the new Risk Management System, Risk Owners were asked to review and update the risks and associated mitigating controls under their management. Following a review of the mitigating controls in 2020/21, it was noted that in some instances the control measures documented on the new system could not be considered to be 'control measures' as such. As a result, it was not possible to place reliance on the documented mitigating controls for some of the corporate risks on the Risk Management System. This is not to say that mitigating controls were not in place, but the way they had been documented meant that we were unable to place reliance on some of the 'controls' as they were recorded. As a result, last year's Annual Governance Statement and Chief Internal Auditor's Opinion noted that this area required attention and improvement in 2021/22.
- 8.23 It is pleasing to note that a significant amount of work has taken place throughout 2021/22 in order to ensure that the corporate risks remain relevant and up to date. In addition, as evidenced by the most recent Risk Update Report from the Strategic Delivery & Performance Manager, the quality of the documentation of the associated control measures has greatly improved.
- 8.24 The Covid-19 Pandemic has continued to have a significant impact on the Council and most 'business as usual' operations. The meetings of the Governance Group, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, resumed in 2021/22 in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 8.25 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced in 2020/21 to ensure governance and overall corporate grip remained strong and effective during such unprecedented times. This included the formation of an Executive Control Group (ECG) in early March 2020.
- 8.26 Those attending the ECG included the Leader, Deputy Leaders, Chief Executive, S151 Officer, Monitoring Officer, Director of Place, Head of Communications & Marketing, Corporate Health Safety & Wellbeing Manager and Temporary CCoS/NPT/SBUHB Liaison Officer. We were advised that attendance at meetings varied due to the fluid situation facing the Council and due to daily meetings taking place, including on weekends. The Sit Rep group was a wider group of members and senior officers.

- 8.27 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed in June 2020, but it continued to exist as a forum for information and communication throughout 2021/22.
- 8.28 The work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the council that were subject to internal audit review. Despite the ongoing period of upheaval and change, Officers have continued to adapt speedily and effectively to the emergency response to the pandemic with no obvious signs of deterioration in control or corporate grip across the areas subject to audit in the period.
- 8.29 In conclusion, Statutory Governance Chief Officers and CMT have succeeded in continuing to maintain appropriate corporate grip and have ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.
- 8.30 At the time of writing this opinion, it is unclear as to the scale of additional spending, including rapidly rising inflation, or ongoing losses of income that the Council faces in dealing with the pandemic both locally, with partners, and supporting the national strategic response to the residual immediate public health crisis and now rapidly growing economic and wider health effects of Covid-19 and the ongoing crisis in Ukraine going into 2022/23. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2021/22 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that there are currently no meaningful sums announced available to bid against nationally for 2022/23 by UK or Welsh Governments. In March 2022, the Leader of the Council set out the Council's intention to expand the locally funded Covid-19 Economic Recovery Fund with the target sum of a further £20m-25m. This in part may mitigate the known certainty of significantly reduced Government funding cash increases in future years. This may also assist with dealing with some, but not all, of the immediate inflationary effects, which means future real terms reductions look inevitable. However, this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 8.31 Given the audit plan completion rates noted previously, and the fact that Internal Audit has completed all of the planned fundamental audits and the majority of the cross cutting audits by year end, the Chief Auditor feels that no impairment to the Chief Auditor's opinion on internal control is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.
- 8.32 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance arrangements across the Council have proven to continue to be robust and resilient throughout the continuing period of

challenge and change that the Council has faced over the past year. It should also be noted that the Senior Management Assurance Statements have been enhanced during the year to incorporate the new provisions of Part 6 of the Local Government and Elections (Wales) Act in relation to performance self-assessment. The Council has continued to adapt speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.

- 8.33 Given the previous points made in relation to internal control, governance and risk management the Chief Auditor is of the opinion that there is no need to issue any limitation of scope on the aspects of governance and internal control. In addition, as a result of a significant amount of work undertaken in year to further enhance and embed risk management controls across the Council, and to strengthen the documentation of risks and control measures on the Corporate Risk Register, the Chief Auditor believes that there is no longer a need to declare a limitation of scope in relation to risk management. However, improvements should continue to be made in this area throughout 2022/23 to further embed and strengthen the Council's risk management controls across all of the Directorate and Service Level Risk Registers.
- 8.34 The Governance and Audit Committee and the Chief Auditor have also raised concerns throughout the year around the absence of a Workforce Strategy. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022/23, with the Strategy due to be launched in March 2022. It should also be noted that Internal Audit were unable to complete the audit of the 'Transformation' element of the Achieving Better Together programme that had been planned for completion in 2021/22. As a result, these areas will be reviewed as part of the 2022/23 work programme.

8.35

Chief Auditors Opinion for 2021/22

Based on the programme of audit work undertaken in 2021/22, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2021/22 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

9. The Governance & Audit Committee

- 9.1 The Council has continued to face significant challenges during 2021/22 with the ongoing impact of the COVID virus. Once again the Chair pays tribute to all staff and officers of the Council in dealing admirably with the challenges brought about by the COVID pandemic. Throughout this year

officers of the Council as well as the Council Partners' were fully committed to meeting their responsibilities. The Chair also acknowledges that the Council continued its efforts to maintain continuity of governance.

- 9.2 Noted below is an overview of the Governance & Audit Committee's work in the municipal year 2021/22. On 9th June 2021 the Governance & Audit Committee considered the election of Chair for 2021/22 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the meeting on 13th July 2021 Councillor P R Hood-Williams was elected Vice-Chair for the 2021/22 Municipal Year. In addition, at the September 2021 meeting the Committee considered the requirements of the Local Government and Election (Wales) Act that states that the Governance & Audit Committee shall consist of one third Lay Members. The Committee was asked to consider its new size and implication that one third would be Lay Members. The recommendation made by Members to the full Council was to opt for 15 members consisting of 10 Councillors and 5 Lay Members. The Council approved this and in March 2022 progress was made in recruiting for three Lay Members.
- 9.3 As a result of the Act the Governance & Audit Committee Terms of Reference was amended to reflect the new membership plus the additional roles of the Committee. The new Act requires careful coordination between the Governance & Audit Committee and the Scrutiny Committee as both embark on the new co-ordinated responsibilities. It is a benefit at this time that the Scrutiny Committee Chair is also a Member of the Governance & Audit Committee. The Chair has also ensured that the Work Programme of the Scrutiny Committee is appended to every meeting of the Governance & Audit Committee. With regard to the Governance & Audit Committee's responsibility to review the annual Self-Assessment Report and also the Panel Performance Assessment Report the Chair has liaised with the Chair of Performance Committee who has agreed to attend the Governance & Audit Committee when these reports are presented.
- 9.4 The Committee's terms of reference forms part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying it's role. The Chair has continually reviewed Committee Agenda's in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference. In addition, the Chair has liaised with the Deputy Chief Executive to establish a formal Training Programme for Members to include the new areas of responsibility plus a clear understanding of the roles of Scrutiny Committees that also consider these subject matters.
- 9.5 The Chair also notes that Part 5 of the Local Government and Elections (Wales) Act 2021 provided for the establishment through regulations of Corporate Joint Committees (CJC). This resulted in the establishment of the South West Wales Corporate Joint Committee. At the September 2021 Governance & Audit Committee further insight was given to Members as to the current status and progress of the CJC and then in December 2021 the

Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. The status and progress of the work of the CJC will be brought back to the Governance & Audit Committee during the early part of 2022 where consideration will be given to any further changes to Terms of Reference of the Governance & Audit Committee.

- 9.6 The Chair would highlight that changes were taking place with the Management Structure in February 2021 and these changes remained under consideration and consultation during 2021/22. The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resource throughout 2021/22. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022-2025. It was also confirmed that the Strategy took into consideration the Council's Corporate Plan "Delivery a Successful and Sustainable Swansea" as well as the provisions of the Well-Being of Future Generations (Wales) Act 2015. Subject to any final changes the Strategy was to be launched in March 2022.
- 9.7 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements. However, the Chair has ensured that the Service Directors have attended the Governance & Audit Committee during the year to provide assurance to the Committee that individual functions are exercised effectively, there is economic, efficient and effective use of resources and effective governance.
- 9.8 The development and roll out of the new electronic risk management system continued into early 2021 and the Chair would note that improvement had been made in the reporting format of the Risk Register. However, during the majority of 2021 the content of the Risk report still required improvement. A Risk Report was presented to the Committee in September 2021, November 2021 and February 2022. The Chair also notes that additional Training had been undertaken along with Video Training access and towards the end of 2021/22 some improvement was recognised in the February 2022 report.
- 9.9 The new Act has placed responsibility on the Governance & Audit Committee to review the Council's draft response to the Panel Performance Assessment report, any Audit Wales recommendations arising from Council's performance as well as the Council's draft annual Self-Assessment report. The Governance & Audit Committee Work Programme has been updated to reflect the presentation of these reports in 2022.
- 9.10 The Annual Complaints report was presented to the Governance & Audit Committee in December 2021. The Committee welcomed the report but noted that it was important not to overlap the work of Scrutiny Committee.

Annual Governance Statement 2021/22

The Chair of Scrutiny Committee confirmed that the Complaints report was due to be considered by Scrutiny in March 2022.

- 9.11 The Committee has reviewed the work programme at each meeting, taking account of risk and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 9.12 The Chair attended a further meeting of the All Wales Audit Committee Chairs network in September 2021 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. The event was dedicated to understanding Governance and Audit Committee 'performance' responsibilities resulting from the Local Governments Elections (Wales) Act 2021, to support us to discharge our new responsibilities effectively. Presentations were given by the Welsh Local Government Association and also the Public Service Ombudsman for Wales. An interactive section was also facilitated by Audit Wales to consolidate some of the learning from the Act.
- 9.13 The Governance & Audit Committee terms of reference states that the Committee “oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 9.14 The Committee received the 2021/22 Internal Audit Plan and Charter on 20th April 2021 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in progressing with the plan alongside the pressures of the pandemic and also for responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2021/22 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Governance & Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified. During the year the Chief Internal Auditor updated the Governance & Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The final Chief Internal Auditor opinion was presented to the Governance & Audit Committee in May 2022.
- 9.15 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Chair commented that the Committee was able to support approval of the Plan to Council with the caveat that assurances had been obtained from the Chief Internal Auditor that the Plan was risk based and complied with the Public Sector Internal Audit Standards. The Committee would seek to gain further understanding of the scope of the reviews during 2021/22.
- 9.16 Audit Wales presented their 2021 Audit Plan to the Governance & Audit Committee on 20th April 2021, and has provided the Committee with regular updates to their work. The most recent update as at June 2022

presented on 27th September 2022. In 2017/18 and continuing to date the Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations. This work is yet to be completed but the Chair acknowledges the attempts being made to develop an electronic system to track action against recommendations but in the interim the Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Governance & Audit Committee.

- 9.17 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. When necessary during the year the Chair has been in communication with the Chief Executive.
- 9.18 On 20th April 2021 the Committee received the 2021/22 Fraud Function Annual Plan. The 2020/21 Anti-Fraud Annual Report was received at the meeting in July 2021.
- 9.19 An additional report was presented to provide the Governance & Audit Committee with an update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021 with an update on progress in November 2021. The Committee noted that some further work was required to address all those recommendations.
- 9.20 Cllr Lesley Walton is the Governance & Audit Committee Representative on the Council's Governance Group. The Governance Group was established to review the production of the AGS during the year. The Group met in March 2022 to discuss the draft AGS for 2021/22.
- 9.21 The Chair attended the Scrutiny Panel Conference 12th October 2021. The Governance & Audit Committee also received the Scrutiny Committee's Annual Report and Work Programme.
- 9.22 Looking ahead to 2022/23 the Governance & Audit Committee's membership and responsibilities will need to have careful consideration and support. Following the May 2022 local elections a Training Programme has been enacted to support the work of the Committee in all new areas of responsibility; this programme reflects the needs of all new Councillor and Lay Members.
- 9.23 The Committee's concerns expressed during the 2021/22 Municipal year will be appropriately reflected in the Annual Governance Statement and will include the absence of the Workforce Strategy, the further improvements to embedding the risk management arrangements and enhanced reporting and the Moderate or Limited Assurance Internal Audit reports where audit recommendations remain outstanding.

EXTERNAL SOURCES OF ASSURANCE

10. External Auditors

- 10.1 In response to the COVID-19 pandemic, Audit Wales changed the approach and focus of their performance audit work in local government and other bodies. Audit Wales undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. During 2020-21, Audit Wales reviewed the arrangements that each council in Wales was putting in place to support recovery planning. Audit Wales undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate.
- 10.2 Audit Wales' Annual Audit Summary 2020 noted that during 2020-21, Audit Wales examined the financial sustainability of each council in Wales. Audit Wales concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. Audit Wales were satisfied the Council had met its legal duties for improvement planning and reporting and is likely to meet the requirements of the Local Government Measure (2009) concerning continuous improvement.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2020/21** to Governance & Audit Committee on 24/08/21 and to Council on 02/09/21. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The Auditor General issued a qualified audit report on narrow but material technical matters for the financial statements; the Director of Finance has already started looking to address this issue working alongside Audit Wales. The report concluded that the financial statements for the City & County of Swansea and the City and County of Swansea Pension Fund, (which was presented separately to the Pension Fund Committee on the 17/11/21), gave a true and fair view of the financial position of the Council and had been properly prepared.

11. Statutory external inspections/regulators

- 11.1 CiW carried out an Assurance visit in June 2021. Estyn recently provided feedback to the Council, and more recently a Risk Assessment Workshop was delivered by CiW, Estyn and Audit Wales to CMT and Leadership Team.
- 11.2 Both CiW and Estyn recently provided feedback to the Council on 23rd February 2022 at an Assurance and Risk Assessment Workshop delivered alongside Audit Wales to CMT and Leadership Team.
- 11.3 Estyn noted in general, most inspection outcomes have been strong in both primary and secondary schools. The Council's Education directorate responded well to the challenges during the COVID-19 pandemic and supported schools and PRUs effectively. Officers consider the current issues in education appropriately, including the new curriculum and ALN reform, and

identify current needs well, such as the recent upward trend in exclusion rates. The Director of Education has developed a good understanding of the needs of the local Authority and schools and know schools well; an experienced Council member is appointed as portfolio holder. Good support to schools is provided in follow-up.

- 11.4 The Council has undertaken a review of its ALN provision – but it is too soon to measure the impact of this on implementation of ALNET Act and provision in schools and PRUs. There has been a 2nd tier structure review underway with three Head of service posts and the Council is now in a new regional partnership with two other local authorities. School reserves continue to be high especially in secondary schools. The needs of learners met by the 10 year Welsh in Education Strategic Plan will need to be kept under review.
- 11.5 CiW sought Authority-wide assurance review on how well local authority social services continue to help and support adults and children with a focus on safety and well-being. Also feedback was structured around their key lines of enquiry - the four principles of the Social Services and Wellbeing (Wales) Act 2014: People - Voice and Control, Prevention, Well-Being, Partnerships and Integration. In their letter CiW notes that at the beginning of the pandemic, Swansea Council was able to build on its established agile working systems, developing proactive regional approaches to support front-line services and recovery planning, with specific examples in Adults and Child and Family Services. More specific feedback and areas of improvement were noted in the four key areas:
- **People - voice and control** – whilst there are good examples of practice to build on in Swansea, people's and child's voices need to be strengthened in assessments and care planning, and to follow up on improving the carers experience in accessing support.
 - **Prevention-** Swansea Council's approach to prevention is co-developed and delivered by a wide range of partners, including third-sector organisations within multi-agency hubs through Tackling Poverty initiatives, Discharge to Assess/Re-able, and Local Area Coordination. Delays and waiting times in some areas such as availability of domiciliary care and common access point lessened the impact of early intervention and support to parents and carers. Swansea Council is actively exploring means of incorporating best practice into longer-term service provision
 - **Partnerships and Integration** – CiW commented that partnerships had been strengthened within Swansea Council during the pandemic, for example working more closely with education in relation to vulnerable children, and on how flexibility shown with providers and in adapting services helped meet demand. Although there has been positive impact on reducing the number of children looked after. Locally and nationally, a lack of specialist placements for those with more complex needs was commented on. They also noted how good working relationships between professional are helping to produce better outcomes, though closer partnership working with police and health services could be achieved and that more resource at a strategic level may be needed to drive change.

- **Well-being-** whilst staff felt appropriately supported throughout the pandemic staff, they have continued to work under significant pressure in a number of teams, and with the added challenges in recruitment and retention to key posts. CiW were positive about the initial changes in adult safeguarding, with the new team demonstrating a good analysis of risk, balancing between risk management and individual well-being. CiW are keen to follow these changes in safeguarding adults, and in applying quality assurance frameworks in services to adults, children and families, once they are fully embedded.

CORE EVIDENCE

12. Council & Cabinet

- 12.1 The following provide assurance based on reports covering 2021/22. In some instances reports from 2020/21 are reflected in the Annual Governance Statement as the reports for 2021/22 are not yet available.
- 12.2 Council adopted a revised Corporate Plan 2017/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The Corporate Plan for 2017/22 was refreshed and approved at Cabinet on 19th March 2019 and was refreshed again and approved by Cabinet on 19th March 2020. The five year Corporate Plan was rolled forward into 2021/22 and will be refreshed and rolled forward for a further year into 2022/23 until after the local government elections when a five year plan will be produced. The Corporate Plan sets out the Council's values and principles underpinning the delivery of the objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports.
- 12.3 Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. The reports contain outturn compliance with performance indicators and an overview of performance for each Objective provided by Directors/Heads of Service. The End of Year Performance Monitoring Report for 2020/21 was presented to Cabinet on 15th July 2021. The report showed that 35 out of 59 (59%) of comparable indicators showed improvement or stayed the same compared to the previous year. Continued disruption from COVID-19 meant that performance targets were not set during 2021/22 and any comparisons to previous performance were appropriately contextualized.
- 12.4 The Annual Review of Performance 2020/21 was approved by Cabinet on 21st October 2021. The report showed the results of each performance measure for the 6 Objectives set out in the Corporate Plan 2017/22. The results showed that overall the Council has made significant progress undertaking the steps to meet its Well-being Objectives but that there were areas for development and lessons learnt.
- 12.5 The Corporate Complaints Policies were reviewed to ensure they were in line with the Public Services Ombudsman (Wales) Act 2019 and the Welsh Language Standards. The Annual Complaints Report 2020/21 was presented

to the Scrutiny programme Committee on the 15th March 2022. In addition, the Ombudsman's annual report was presented to Cabinet in November 2021. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. 73 complaints were made to the Ombudsman including corporate complaints and Social Services (there were 92 cases received in 2019-20). 67 of which were closed within the year, and nine of which received intervention (early resolution / voluntary settlement (5) or were upheld (4)). PSOW complaints reduced compared with the 92 closed in 2019-20. There was an assurance that there were no s16 Public Interest reports during the year.

- 12.6 The Governance & Audit Committee Annual Report 2020/21 was presented to Council on 7th July 2021 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2020/21. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference.
- 12.7 The Equality Review Report 2020/21 was reported to Cabinet on 16th September 2021, which highlighted progress against the Council's Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- 12.8 The Welsh Language Annual Report 2020/21 reflected progress and compliance on the 163 Welsh Language Standards across five categories with which the Council has to comply. The report contained an overview of activity and how the Council internally promotes the Welsh Language Standards with tools and information. The report concluded that good progress continued to be made on implementing the Welsh language standards during 2020/21 and highlighted some areas to support ongoing development and improvement.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2021/22 including reports relating to the Swansea Bay City Deal, regeneration and capital works and a number of Cabinet reports in response to the COVID-19 pandemic. On 15th October 2020 Cabinet approved the new Swansea - *Achieving Better Together "From Recovery to Transformation"* Transformation Strategy and Programme Framework. In January 2022 an update report reflected the progress and changes to the programme since the framework was adopted as well as identifying the ongoing flexibility required to respond to the ongoing and emerging challenges and changes to the Council, its services and its workforce.
- 12.10 The Report showed that Council has not only **maintained services throughout the pandemic** but is well underway on its journey to refocus the Council. Projects, plans and strategies have been re-introduced when safe to do so, ensuring that Swansea did not fall behind in its ambitions to make Swansea better.

- 12.11 An internal Audit examination has been undertaken and the outcome was “high” level of assurance with no recommendations. This indicates that ‘there is a sound system of internal control designed to achieve the programme objectives and the controls are being consistently applied.
- 12.12 The strategic governance of the *Achieving Better Together* is undertaken by the Recovery, Reshaping & Budget Strategy Board and the operational and Delivery of the workstreams is overseen by the Organisational Cross Cutting & Transformation Steering Group. Reports are considered by Cabinet, Scrutiny and Governance and Audit Committee.

13. Committees

- 13.1 The Council’s Scrutiny function is carried out by a **Scrutiny Programme Committee**, which delivers an agreed programme of work through Committee meetings and through **Scrutiny Panels and Working Groups** established by the Committee. Through this range of activities, scrutiny councillors make sure the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement, by questioning and providing challenge to decision-makers on issues of concern. This covers a wide range of policies, services and performance issues. The Committee is a group of 13 cross-party councillors who organise and manage what Scrutiny will look at each year, and develop a single work programme showing the various activities that will be carried out. The Committee has questioned Cabinet Members on specific portfolio responsibilities and is the statutory Committee for Scrutiny of Swansea Public Services Board and Crime & Disorder Scrutiny. It also co-ordinates pre-decision scrutiny enabling consideration of specific Cabinet reports and views being brought to the attention of Cabinet ahead of decision-making.
- 13.2 Over the last year the work of Scrutiny has included an in-depth scrutiny inquiry looking at Council Procurement processes and practice, focusing on what the Council is doing to ensure it procures locally, ethically, and greenly while being cost effective and transparent in its practices. Also, the Equalities Inquiry Panel reconvened to follow up actions agreed by Cabinet in 2019. In order to ensure ongoing monitoring and challenge to key service areas there have been regular meetings of Scrutiny Performance Panels, looking at Education, Adult Services, Child & Family Services, Development & Regeneration, Natural Environment, as well as one looking at overall Service Improvement & Finance focusing on corporate performance and financial monitoring and budget scrutiny. One-off Scrutiny Working Groups met to consider the following topics: Workforce, Digital Inclusion and Bus Services. There has also been collaborative scrutiny with other Local Authorities for topics / issues of shared interest or concern, and models of regional working. Scrutiny activity has continued to be flexible and responsive to organisational pressures following the COVID-19 pandemic, which has affected the delivery of some planned activities. There are also clear processes in place for members of the public to raise issues for scrutiny, or ask questions and

contribute views on matters being discussed. A number of public requests were considered over the past year.

- 13.3 Views and recommendations from scrutiny activities are communicated either by reports to Cabinet or letters sent directly to individual Cabinet Members, with responses provided as requested and followed up. The practice of writing 'chair's letters' is well-established way of communicating quickly with Cabinet Members, and letter and responses are monitored to ensure scrutiny is getting a timely response.
- 13.4 The **Scrutiny Annual Report 2020/21** was presented to Council on 2nd September 2021. The report highlighted the work carried out by Scrutiny during that year, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. As a consequence of the pandemic the 2020/21 Council year was a shorter one than usual and accordingly reflects on a less than typical amount of scrutiny that was carried out then. Nevertheless, the report continues to shows a high level of councillor commitment to scrutiny. It shows action taken to improve the scrutiny process and its effectiveness, and further efforts to support councillors, take practice forward and improve the quality of scrutiny.
- 13.5 Although Scrutiny and Audit have distinctive roles, there are common aims in terms of good governance, improvement in performance and culture, and financial management, and so a regular conversation is held which helps to ensure we are working together effectively. The Chair of the Scrutiny Programme Committee addressed the Governance & Audit Committee on this in October 2021 and the Committee also heard from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee that month. This has made sure there is good awareness of each other's work, avoiding duplication and gaps in work programmes, and the ability to refer issues between Committees. It was highlighted that some of the areas that will benefit from co-ordination between Committees include the new responsibilities arising from the Local Government and Elections (Wales) Act 2021 around Council performance, and around the systematic reporting of external audit reports, and respective role in considering and monitoring these.
- 13.6 The **Standards Committee** met on 4 occasions during 2021/22 and the **Standards Committee Annual Report 2020/21** was presented to Council on 2 December 2021. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee has been updated as to their new duties under the Local Government and Elections (Wales) Act 2021 and has been consulted on both the statutory guidance in relation to the new duty and has considered their new terms of reference which will go forward to Constitution Working Group and Council in due course. The Committee also had an opportunity to meet with the Leader and all political group leaders during the year to discuss with

them how they intend to discharge their new duties to ensure the highest ethical standards within their group from May 2022.

- 13.7 The **Governance & Audit Committee** met on 12 occasions during 2021/22 and followed a structured work-plan, which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes two lay members, one of which is also the Chair of the Committee. The Committee receive all Audit Wales reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed.
- 13.8 During 2015/16, The Local Pension Board was established, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council (and Pension Fund Committee) as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Terms of Reference for the Board were established and appropriate Board members were appointed. The Board successfully convened meetings under Covid regulations, virtually on 4 occasions during 2021/22, with the single cancelled meeting agenda being rolled forward and considered at the next convened meeting.
- 13.9 The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and discretions as an administering Authority under the Local Government Pension Scheme (LGPS) Regulations. The Committee is Chaired by a Councillor and membership consists of six elected Members, including the Chair, and two lay members. The Committee met on 3 occasions during 2021/22, virtually, under Covid Regulations and dealt with all issues relating to the investment matters, governance and administration of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee (JGC) of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales. The Chair also represents the WLGA (Welsh Local Government Association) on the Scheme Advisory Board (SAB) advising the HM Government (Ministry of Housing, Local Government, MHCLG) on matters relating to the LGPS.
- 13.10 The **Democratic Services Committee** reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The Committee is chaired by a Councillor and, along with the Chair, membership consists of thirteen Councillors. The Committee met on 5 occasions during 2021/22 and considered the Councillors Handbook, Councillors Questionnaire, Councillor Training & Induction Programme 2022, Democratic Services Annual Report, Interim Guidance on Multi-Location Meetings, Diversity in Democracy Action Plan,

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Cllrs ICT Policy – May 2022 & Beyond, Multi-Location Meetings Policy, Councillors Safety & Support, and the Independent Remuneration Panel for Wales (IRPW Annual Report).

13.11 The purpose of the **Policy Development Committees (PDCs)** is to drive the development of policy for consideration and adoption by Cabinet and or Council as appropriate. Due to COVID-19, some of the Council meetings, including PDC meetings, were cancelled or re-arranged. However, the work now being done by the PDCs has become more embedded over 2021/22 in carrying out the Council’s function of developing policy. Both PDCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.

13.12 The PDCs are chaired by a Councillor and, along with the Chair, membership consists of ten elected Members. There were five Committees meeting in 2021/22: listed here with examples of both completed work and that in progress:

- **Economy, Environment & Infrastructure** – Swansea Bay City Deal Skills and Talent business case; Economic Recovery Plan. High Street Regeneration; Green Fleet Policy; Tree Policy; Siting of Bus Stops; Ultra Low Emission Vehicle Strategy.
- **Education & Skills** – Vocational Education; Data Trends on Vulnerable Learners; Adverse Childhood Experiences.
- **Recovery & Future Generations** – Supporting the overarching *Achieving Better Together* transformation work programme and COVID-19 Recovery; Workforce Strategy; Co-production; Sustainable Development.
- **People** – Young Carer’s Strategy; Volunteers Strategy; Employability; Children and Young People’s Rights Scheme.
- **Poverty Reduction** – Tackling Poverty Strategy revision; Promoting Affordable Credit Draft Policy; Benefits Take-up; Fairness in Green Health; Corporate Personal Debt Recovery.

Significant Governance Issues

The following table identifies issues that had been identified in 2020/21 during the review of effectiveness, together with the proposed actions to be taken during 2021/22 to address the issues. **Note - the COVID-19 pandemic has had an impact on the timescales and actions included in the action plan below.**

Significant Governance Issue linked to Framework	Action to be taken	Update	Status
Budget pressures (including external and	Address continued material uncertainty as a result of Covid and	<ul style="list-style-type: none"> • Budgets are monitored at a service level, department level 	<ul style="list-style-type: none"> • Arrangements in place.

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<p>demand-led pressures and overspends) & problems living within budgets.</p>	<p>other challenges and continue a deliberately blended approach to robust monitoring of budgets, savings and transformation activity and action consistent with other Councils and policy responses at Welsh Government, UK Government and report as such to Cabinet, Council, Governance & Audit Committee and Scrutiny.</p>	<p>and corporate level. PFM meetings are held across the directorates to monitor budgets. In addition, the financial quarters are reviewed by CMT, Cabinet and Scrutiny committees and governance and assurance is also monitored via Governance & Audit Committee.</p>	
	<p>Commence and oversee delivery of the Achieving Better Together Transformation Programme through the Strategic Recovery Board to ensure that the Council is sustainable and financially resilient in the longer term.</p>	<ul style="list-style-type: none"> • The Achieving Better Together Steering Group and Board meet monthly and has overseen the development of the MTFP and savings plan. The Board has also monitored the in-year savings targets and ensured delivery of the targets through holding Directors to account. • The work streams also identify transformation and change programmes that are required to ensure services are fit-for-purpose and horizon scan to ensure that changes are sustainable and 	<ul style="list-style-type: none"> • Arrangements in place.

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		value for money and meet future needs of the council and its residents.	
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	Development of a Workforce Plan to support high performance and enable a skilled, flexible and engaged workforce as part of the Council's Achieving Better Together Transformation Plan.	<ul style="list-style-type: none"> • The Workforce Strategy has been developed following thorough consultation with Members, Leadership teams, Trade Unions and employees. This has taken into account corporate and service level plans, council vision and key objectives. • The Strategy has been developed taking into consideration the requirements of the Well-being of Future Generations Act and the Council's Achieving Better Together Transformation Plan. • The Workforce Strategy has 4 Key Themes and 9 Key Strands. Underneath each Strand there are a series of agreed activities with key milestones and success criteria identified. • The agreed activities will be subject to regular review. Additional 	<ul style="list-style-type: none"> • Adoption and implementation during 2022/23.

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		funding has been sourced for 2022/23 to enable progression on key activities.	
Performance Reviews, i.e. appraisals system / induction training not fit for purpose.	Recommence appraisals and continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in November 2021.	<ul style="list-style-type: none"> • Oracle Cloud implementation now to be delivered by October 2022. This includes a “Goals and Performance” module that will inform a revised performance management approach in the Council, to incorporate the ability of continuous appraisals and/or more regular 121 discussions. • Appraisals have been carried out due to Covid through a streamlined model via 121’s or (where able) a normal appraisal scheme. Appraisals are now being fully reintroduced. 	<ul style="list-style-type: none"> • Oracle Cloud implementation April 2023.
	Address Induction training of new staff as part of the review of the induction process and future policy reviews.	<ul style="list-style-type: none"> • Induction training is part of the activities identified in the Workforce Development Strand of the Workforce Strategy and an action plan has been developed within the strategy to ensure delivery. 	<ul style="list-style-type: none"> • Implementation in 2022/23.

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<p>Embed the Future Generation Act principles into the Council's processes and decision making.</p>	<p>Provision of training/information on the requirements of the Future Generations Act.</p>	<ul style="list-style-type: none"> • An Integrated Impact Assessment (IIA) has been developed and rolled-out to take account of the Well-being of Future Generations Act, as well as the Equalities Act, Socio-economic Duty and Welsh Language (Wales) Measure, in decision-making. • Training of decision makers including CMT, Leadership Team and Members has taken place on the socio-economic duty. The training programme for elected members after May has been updated to reflect the training requirements, along with the various committee who have been directly affected by the LG&E Act such as Governance & Audit Committee. Training on the Well-being of Future Generations Act is incorporated in the action plan to deliver the Workforce Strategy. 	<ul style="list-style-type: none"> • Arrangements in place.
<p>Patchy Partnership Governance, including application of</p>	<p>Develop a plan to establish CJs resulting from the Local Government and Elections (Wales) Act.</p>	<ul style="list-style-type: none"> • CJC's have been established as a result of the LG&E Act. A major review has been undertaken of the 	<ul style="list-style-type: none"> • Arrangements in place.

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risk management.		<p>regional school improvement delivery model through ERW and the new partnership model and footprint from September 2021 should continue to enhance transparency of funding and decision-making.</p> <ul style="list-style-type: none"> • A partnership review document was presented to Governance & Audit Committee showing the governance of the key strategic partnerships and gave assurance of the management of risk. 	
ICT Disaster recovery.	Resolve through the move to cloud services, particularly Oracle Cloud in November 2021.	<ul style="list-style-type: none"> • Plans to improve DR, all of which are underway, include: <ul style="list-style-type: none"> ○ The move to Cloud; ○ the new data centre infrastructure, which will have multiple lines and access to a generator if needed; ○ Phase 2 of the data centre move will also include a secondary fall-over site. 	<ul style="list-style-type: none"> • Oracle Cloud implementation in 2022/23.
Continue to improve risk management arrangements	Work with responsible officers to improve	<ul style="list-style-type: none"> • Training specifically on improving Risk Control Measures took place at 	<ul style="list-style-type: none"> • Arrangements in place.

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	<p>the quality of risk controls.</p>	<p>Leadership Team on 25 May 2021.</p> <ul style="list-style-type: none"> • A video based on the workshop was uploaded, which is now directly accessible through the risk register along with all other videos provided on risk management and on using the risk register. • Responsible officers were signposted to the video and reminders to review and revise control measures in line with the training and video have also been issued each month since the workshop took place. • Control Measures and changes to Control Measures in the Corporate Risks were reviewed and feedback / advice on improving them was provided to responsible officers in Feb 2022. 	
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The following table identifies issues which have been identified during the review of effectiveness, and also highlights any other significant governance issues that need to be considered, together with the proposed actions to be taken during **2022/23** to address the issues. **At the time of writing the COVID-19 is in remission but there remains an ongoing risk for the foreseeable future that the timescales and actions in the table below could be impacted depending on the future severity and longevity of the pandemic.**

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Significant Governance Issue linked to Framework	Action to be taken
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	<ul style="list-style-type: none"> • Workforce Strategy approved. Action Plan to be adopted in each service area and the groups to be established to lead and monitor actions. End August 2022.
Performance Reviews, i.e. appraisals system / induction training not fit for purpose.	<ul style="list-style-type: none"> • Continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in October 2022. • Develop Corporate Induction training for delivery in 2022.
ICT Disaster recovery.	<ul style="list-style-type: none"> • Resolve through the move to cloud services, particularly Oracle Cloud in October 2022. • National performance issues with WCCIS being addressed nationally through a review of continued viability and a local / regional options appraisal being undertaken in partnership with Health.
New - Procurement – Governance around Contracts.	<ul style="list-style-type: none"> • Internal Audit to undertake a review in 2022 on the operation of contracts within CPR and the UK PCR. • Review how advice and support can be given and whether capacity can be increased to assist Schools to consider the full implications from decisions from entering into contract with third parties. • Review the process from sign-off to Contract issued to ensure any risk is removed. • Review Governance arrangements for involvement by commercial services.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Annual Governance Statement 2021/22

Signed Chief Executive

Date

Signed..... Leader

Date

Glossary of Terms

We appreciate that the Statement of Accounts as presented contains a number of technical terms which may be unfamiliar to the lay reader. Wherever possible we have sought to minimise the use of technical terms but in some instances this has not been possible. The following section attempts to explain the meaning of some of those technical terms that are used in the Statements.

Accrual

Sums due to the Authority or payable to external organisations in the financial year irrespective of whether the cash has been received or paid.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Agency Services

Agency services are services provided for us by an outside organisation.

Amortised Cost

Amortised costs are used to spread the financial impact of depreciation or using an equivalent interest rate or the effect of a premium or discount over a number of years on the income and expenditure account.

Associate

An associate is an entity other than a subsidiary or joint venture in which the reporting authority has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

Audit

An audit is an independent examination of our activities.

Balance Sheet

This is a statement of our assets and liabilities at the date of the balance sheet.

Budget

A budget is a spending plan, usually for the following financial year.

Capital Adjustment Account

This Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed by depreciation, impairment and disposals, and the amount that has been set aside to finance capital expenditure.

Capital Expenditure

Capital expenditure is spending on fixed assets. These are assets which will be used for several years to provide services such as buildings, equipment and vehicles.

Glossary of Terms

Capital Receipts

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash Equivalents

Cash Equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flow Statement

This is a statement that summarises the movement in cash during the year.

Consolidated Balance Sheet

This balance sheet combines the assets, liabilities and other balances of all our departments, at our year end date.

Corporate and Democratic Costs

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

Credit Risk

This is the risk of loss due to a debtors inability to make interest or principal repayments on a loan/investment.

Creditor

A creditor is someone we owed money to at the date of the balance sheet for work done, goods received or services rendered.

Current Assets

These are short-term assets which are available for us to use in the following accounting year.

Current Liabilities

These are short-term liabilities which are due for payment by us in the following accounting year.

Debtor

A debtor is someone who owed money to us at the date of the balance sheet.

Depreciation

Depreciation is the theoretical loss in value of assets, which we record, in our annual accounts.

Glossary of Terms

Earmarked Reserves

These are reserves we have set aside for a specific purpose.

Financial Year

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

Finance Leases

When we use finance leases, we take on most of the risks (and rewards) of owning the assets.

Fixed Asset

These are long-term assets we use (usually for more than one year).

Gilt Edged Stocks

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

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Housing Revenue Account

This account contains all our housing income and spending.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Joint Venture

A joint venture is an entity in which the reporting authority has an interest on a long-term basis and is jointly controlled by the reporting authority and one or more other entities under a contractual or other binding arrangement.

Leasing

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

Glossary of Terms

Liability

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

Liquidity Risk

This is the risk that investments cannot be readily turned into cash or realised because there is no ready market for the instrument or there are restrictive clauses in the agreement.

Minimum Revenue Provision (MRP)

This is the amount we have to set aside to repay loans.

Non-Domestic Rates (NDR)

The NDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local authority spending. The NDR is set by Government and is a percentage of the 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 the asset, reduced by the relevant cost of selling it.

Non Distributable Costs

These are costs that relate to past activity costs, such as the cost of redundant assets or information technology, or past service pension that cannot be allocated to services.

Operating leases

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Precepts

This is the amount we pay to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Public Works Loan Board (PWLB)

This is a Government agency which provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which Government itself can borrow.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Glossary of Terms

Reserves

These are sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

Revaluation Reserve

This reserve represents the difference between the revalued amount of fixed assets in the Balance Sheet and their depreciated historical cost.

Revenue

Income arising as a result of an Authority's normal operating activities.

Revenue account

This is an account which records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Scheduled organisation

An organisation whose employees have an automatic right to be members of a pension fund.

Service recipient

A party that has contracted with an Authority to obtain goods or services that are an output of the Authority's normal operating activities in exchange for consideration.

Securities

These are investments such as stocks, share and bonds.

Stocks

Stocks are raw materials we purchased for day to day use. The value of those items we had not used at the date of the balance sheet is shown in current assets in the balance sheet.

Subsidiary

An entity is a subsidiary of the reporting authority if:

- the authority is able to exercise control over the operating and financial policies of the entity, and
- the authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Temporary Borrowing or Investment

This is money we borrowed or invested for an initial period of less than one year.

Transfer value

This is the value of payments made between funds when contributors leave service with one employer and decide to take the value of their pension contributions to their new employer's fund.

Glossary of Terms

Trust Funds

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

Unit Trusts

These are investment companies which accept money from many different investors. The money is pooled and used to buy investments.

Venture Capital Units

These are investments we have made in businesses where there is a higher risk but where rewards are also likely to be higher, if the businesses are successful.

Work in Progress

Work in progress is the value of work done on an unfinished project at the date of the balance sheet and which has not yet been recharged to the appropriate revenue account.