



PEMBROKESHIRE COUNTY COUNCIL

*Annual Financial Report
Including Statement of Accounts*

2021-22

11 May 2023

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1.0 NARRATIVE REPORT

Pembrokeshire County Council – Statement of Accounts 2021-22



1.0 NARRATIVE REPORT

1.1 INTRODUCTION

Pembrokeshire County Council's Statement of Accounts for 2021-22 provides a record of the Council's financial performance and position for the year. This section of the report aims to communicate the Council's purpose, how it has performed in accordance with its overall strategy and against performance indicators over the year, and how it has allocated its resources in line with intended outcomes. It demonstrates collective performance over the year and how well the Council is equipped to deal with the challenges ahead and to continue delivering services and supporting its local community. It tells the story of the Council by providing a holistic, clear and well-structured view of its strategy, governance, performance and future outlook.

The Council has faced a sustained level of challenge with seven years of real reductions¹ in financial settlements and significant workforce inflation, non-workforce inflation, demographic and legislative pressures, resulting in a cumulative funding gap of £110.6m² (2014-15 to 2021-22). The funding gap was bridged by a combination of £25.4m additional income from Council Tax increases (including base changes), £81.3m in cost reductions/efficiencies, a £0.6m contribution from the Council Tax 2nd homes income (community element) and a £3.3m one-off contribution from reserves.

The coronavirus pandemic (Covid-19) has continued to require an unprecedented response from Pembrokeshire County Council as it moves to the recovery phase. This coupled with the rising cost of living/inflation and the crisis in Ukraine is expected to continue to significantly impact the Council both financially and in the way we deliver our services throughout the life of the MTFP 2022-23 to 2025-26.

Welsh Government have continued to reimburse the majority of the Covid-19 additional expenditure and lost income for 2021-22 and also provided substantial levels of additional grant funding, particularly during the final quarter of 2021-22, as shown in the County Council Budget Outturn Monitoring Report 2021-22 approved by Cabinet on 11 July 2022.

These accounts have been prepared with the ongoing impact of Covid-19 in mind particularly in section 6.0 Critical Judgements in Applying Accounting Policies and Estimation Risk; and section 12.13.3.1 Nature and Extent of Risks Arising from Financial Instruments.

1.2 ORGANISATIONAL OVERVIEW

1.2.1 KEY FACTS ABOUT PEMBROKESHIRE

Pembrokeshire is one of Britain's special places, combining some of the most spectacular coastal scenery with a unique cultural heritage. Nearly a third of the county is in the Pembrokeshire Coast National Park – the only coastal national park in the country, and its numerous beaches are renowned as being amongst the finest anywhere. This all makes it a particularly attractive and satisfying area in which to live and work.

¹ 2021-22 saw a 4.0% increase in AEF when adjusted for transfers into the settlement and 2020-21 saw a 4.9% increase in AEF when adjusted for transfers into the settlement.

² Includes additional growth above identified pressures of £0.6m for 2021-22 and £1.6m for 2020-21



Pembrokeshire County Council provides a wide range of services for residents, businesses and visitors. We:

- Serve a population of over 123,400 people and significantly more in the summer months
- Collect rubbish and recycling from over 62,000 households
- Maintain approximately 2,500 kilometres of road, 650 bridges and 15,000 street lights
- Provide over 90 car parks with in excess of 8,000 spaces
- Are responsible for 61 schools, providing education for 17,497 pupils (April 2022)
- Provide support to pupils with additional learning needs; child protection, safeguarding and youth services
- Own and manage more than 5,696 homes
- Provide adults with information and advice to help them to live independently in the community, as well as direct support for over 5,000 vulnerable adults
- Develop a Local Development Plan, which we are required to review every four years, and process around 1,100 planning applications a year
- Provide a wide range of public protection services, including environmental health, trading standards and licensing
- Help maintain Pembrokeshire's award winning beaches, which boast 10 Blue Flag and 7 Green Coast Awards
- Manage the county's leisure facilities, and its libraries, museums and archives
- Employ 6,340 (6,237) people March 2022 (March 2021), including those working in Schools (including casual staff)

1.2.2 COUNCIL VISION

The Council Vision is “Working Together, Improving Lives”.

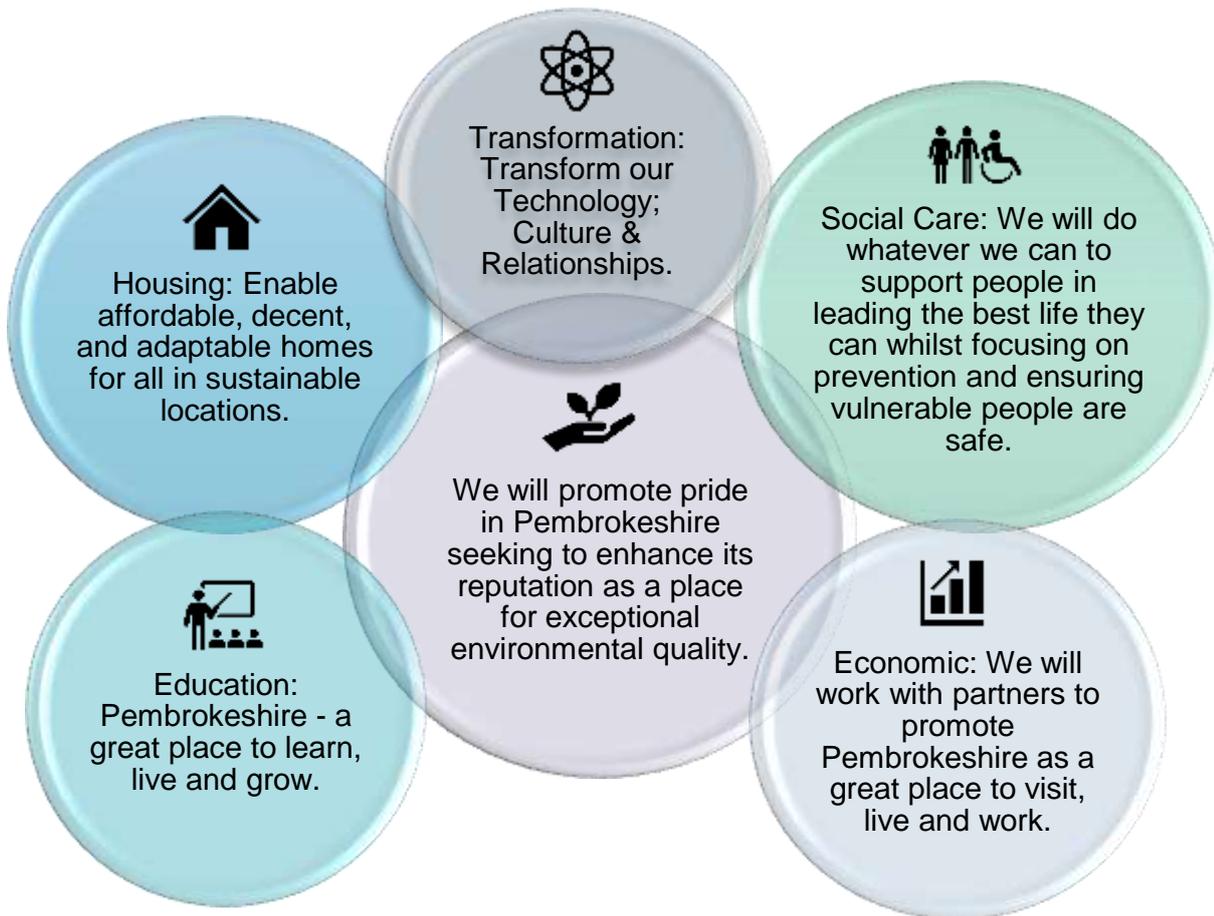
1.2.3 CORPORATE PLANNING

The Council is required to publish Well-being Objectives setting out how we plan to manage services in a more sustainable way and how we will maximise our contribution to the delivery of the national Well-being Goals for Wales. Well-being Objectives are a requirement on public bodies under the Well-being of Future Generations (Wales) Act 2015.

The Council's Well-being Objectives are aligned to and reflect the Cabinet's Programme for the Administration and Pembrokeshire Public Services Board's Well-being Plan. A new Programme for the Administration will be in place by December 2022 and a new Well-being Plan will be produced by May 2023.



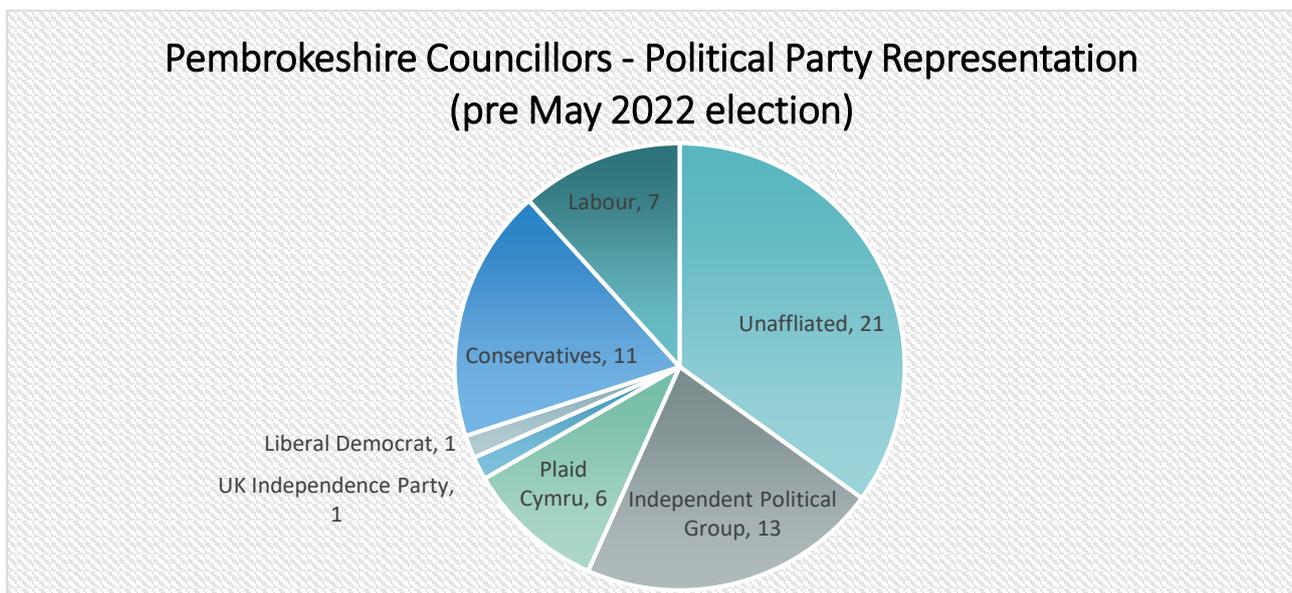
The Well-Being Objectives for 2021-22 were:



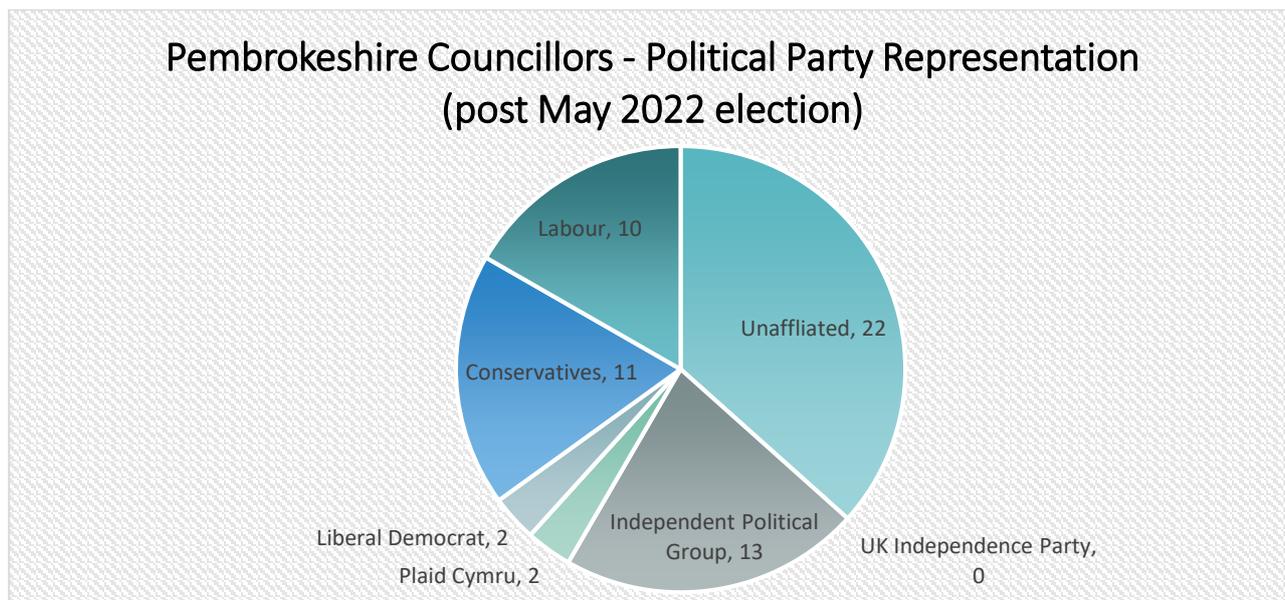
Progress against the delivery of our Well-being Objectives for 2021-22 will be reported in our annual self-assessment report (see below).

1.2.4 POLITICAL PROFILE

During 2021-22, the Council comprised of 60 elected Members who each represented residents in different areas of Pembrokeshire. The Council has adopted the Leader and Cabinet model of governance. The Cabinet was a mix of Labour, Plaid Cymru, Liberal Democrat and unaffiliated Councillors led by an unaffiliated Leader.



Following the local elections in May 2022, there were 25 new elected Members. Cabinet continues to be a mix of Labour, Plaid Cymru, Liberal Democrat and unaffiliated Councillors led by an unaffiliated Leader.



1.2.5 THE CONSTITUTION

The Constitution sets out how the Council operates, the various bodies which make up the Council, how decisions are made and the procedures which are followed.

Some of these processes are required by the law, while others are a matter for the Council to determine.

The Council has adopted a revised Constitution which came into effect on 18 November 2016 and has been updated in January 2018, June 2019, January 2020, July 2020, February 2021 and March 2021 following Constitutional changes adopted by Council.

Following an Audit Wales recommendation made in January 2022, the Council has embarked on a full-scale review/rewrite of the Constitution and associated protocols, based on the Welsh Model Constitution. It is anticipated that this will be completed by May 2023.

1.2.6 GOVERNANCE AND RISKS

We prepare an Annual Governance Statement (AGS) which accompanies the Statement of Accounts each year. This outlines the Council's governance framework, and following review of effectiveness, identifies significant governance issues and priorities for improvement, with specific actions to be undertaken the following year. It is produced in accordance with the Accounts and Audit (Wales) Regulations 2014 which require the Council at least annually, to review the effectiveness of its governance framework, including the system of internal control. The draft AGS for 2021-22 will be considered by the Governance and Audit Committee on 31 January 2023 and will be approved by Council on 2 March 2023.

1.2.6.1 BUSINESS RISK MANAGEMENT

Members and Officers are responsible for ensuring that risk (threats and opportunities) is considered in the decisions that they take and suitable arrangements are put in place to manage risk. The Governance and Audit Committee has responsibility for overseeing the Council's Business Risk Management arrangements.



The Council's Business Risk Management Strategy 2022-25 was approved by the Governance and Audit Committee on 12 July 2022. The Business Risk Management Strategy aims to improve the integration of Business Risk Management into the culture and working practices of the Council, and its Partnerships, and improve the effectiveness of existing Business Risk Management arrangements. The Council's Business Risk Management Strategy is reviewed and updated annually to ensure it remains aligned to the Council's Well-being objectives and is a true reflection of the risk appetite. The Business Risk Management Strategy outlines the roles, responsibilities and the approved framework for managing business risk.

The Corporate Risk Register identifies the risks (threats and opportunities) to achievement of the Council's Well-being Objectives. This is a live document which was last formally reviewed by the Governance and Audit Committee on 27 September 2022.

1.2.7 TRANSFORMATION AND IMPROVEMENT PROGRAMME

The Council's Transformation Programme was in place from 2018 to 2022 and it is now in the process of being evolved into the Council's Transformation and Improvement Programme. The Transformation Programme had individual work streams under 3 themes: Technological Transformation, Cultural Transformation, and Relationship Transformation. The Transformation Programme provided Directors and Heads of Service with the tools required to assist them in achieving their cost reduction/efficiency targets (maintaining their flat-line budget) over the MTFP. Alignment of the Transformation Programme with the new Improvement Programme was approved by Council on 13 May 2021. There is also a piece of work ongoing to align the Transformation and Improvement Programme to the Programme for Administration, Corporate Plan and the current financial position. This will focus on key priorities and change programmes for the organisation.

The Council successfully moved to a new Financial Information Management System on 1 September 2021. As with any new system, particularly as complex as a Finance Management System, there were a few issues around implementation and a learning curve for staff, but these were minor and were resolved. This is the first Statement of Accounts being produced from the new system.

1.2.8 STRATEGIC PARTNERSHIPS

The Council supports a number of strategic partnerships both financially and with Officer and Member time. The drivers for these partnerships include legislation, for example, the 'Safer Pembrokeshire Community Safety Partnership', and government policy, for example, 'Partneriaeth' formerly known as 'Education through Regional Working Consortium (ERW)' until 31 March 2022, and the Swansea Bay City Deal.

The South West Wales Corporate Joint Committee (SWWCJC) was formally constituted on 15 March 2022, following the Local Government and Elections (Wales) Act 2021 coming in to force. It is a Joint (Combined Authority) Committee covering the four unitary authorities of Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot. In line with legislation, the SWWCJC will have responsibility for a range of 'mandated functions' – regional transport, including the development of a Regional Transport Plan; regional (land use) planning, including the development of a Strategic Development Plan; economic well-being, and oversight of the Regional Economic Strategy and Delivery Plan (adopted by the SWWCJC in May 2022). In addition, the SWWCJC has agreed to support an additional 'function' – the development and oversight of the Regional Energy Strategy (adopted by the SWWCJC in May 2022).

Details of the Council's Strategic Partnerships are included within the Annual Governance Statement.



1.3 PERFORMANCE 2021-22

1.3.1 ANNUAL SELF ASSESSMENT

Following the introduction of the Local Government and Elections (Wales) Act 2021, the Council is required to produce an annual self-assessment report setting out how it has met its performance duties in respect of the previous financial year. In effect, this report replaces the Improvement Review which the Council was previously required to produce. The Council's first self-assessment report (reporting on the 2021-2022 financial year) will be considered by Council in December 2022.

Following on from the Corporate Peer Challenge in February 2020, the Council participated in a Communications Peer Challenge in December 2020 and an Economy Peer Challenge in June/July 2021.

A Budget Performance Challenge Board was created in 2020-21 and continues to meet regularly. The ongoing series of external service reviews of all Council services continued during 2021-22 and will be completed during 2022-23. Specific actions from the reviews are included within the Corporate Governance Improvement Plan 2022-24 which was last considered by Governance and Audit Committee on 27 September 2022.

1.3.2 REVENUE OUTTURN 2021-22

The County Council Budget Outturn Monitoring Report 2021-22 was approved by Cabinet on 11 July 2022. The revenue outturn financial position confirms the Council's net expenditure for 2021-22 at £240.3m*, after appropriations to and from reserve, an underspend of £4.4m*. The outturn included an additional £2.422m in AEF for 2021-22, which was provided by Welsh Government in Quarter 4, and an additional £1.948m Council Tax income over that anticipated when the original 2021-22 budget was approved. The additional Council Tax income is due to a Council Tax collection deficit being offset by an additional £1.3m contribution received from Welsh Government, together with collection of Council Tax debts relating to prior years. This provided the opportunity to appropriate £6.294m to the following reserves, earmarked for the purposes identified:

Reserve	Amount £'m	Purpose
Initiative Fund (formally named Invest to Save Reserve & Service Reconfiguration Reserve)	4.8	To provide resources for the Council to invest in improvement projects and to realise future cost avoidance / budget saving opportunities.
Social Care Equalisation	0.4	To support Home Care with transport arrangements, funding the lifecycle cost of electric vehicles.
Working Balance	1.0	To bring the working balance up to 3% of 2022-23 Net Revenue Expenditure Budget which is the assumed benchmark level.

Welsh Government continued to reimburse the majority of the Covid-19 additional expenditure and lost income for 2021-22 and also provided substantial levels of additional grant funding, particularly during the final quarter of 2021-22, as shown in the County Council Budget Outturn Monitoring Report 2021-22 approved by Cabinet on 11 July 2022.

* Figures updated to reflect final accounting adjustments



Where this additional grant funding is to be used for specific purposes it has been offset against core expenditure, with the resultant saving being appropriated to reserve for specific projects in 2022-23 and over the term of the Medium Term Financial Plan. This has resulted in an increase in school balances and general fund reserves.

Since the onset of the Covid-19 pandemic, the level and age of unpaid debt has been steadily increasing. This is due to a suspension of debt collection during the height of the Covid-19 pandemic, but also due to staffing vacancies, and recovery staff redirected onto other tasks. This has resulted in a £3.321m movement in the bad debt provision for uncollected trade debtors recognised in the revenue accounts in 2021-22. £2.086m of this relates to Adult Social Care.

The Authority's budget strategy of flat-line (cash) revenue budgets for all services remained in place for 2021-22, with services being invited to bid for inflationary pressures and growth. The Budget Performance Challenge Board considered and challenged financial performance, bids for growth on flat line budgets and cost reduction/efficiency proposals for the 2021-22 budget, making recommendations to Cabinet.

	Original Budget 2021-22 £m	Q3 Rolling Budget 2021-22 £m	Q3 Projected Outturn 2021-22 £m	Actual Outturn 2021-22 £m
Gross Expenditure	377.4	397.1	403.0	399.6
Income	(138.0)	(150.2)	(158.3)	(179.1)
Contribution to / (from) Reserves	5.3	(2.2)	(0.9)	19.8
Net Expenditure	244.7	244.7	243.8	240.3
Second Home / Long Term Empty Property Net Expenditure	-	-	-	2.6
Surplus Appropriation to Initiative Fund Reserve	-	-	-	4.8
Surplus Appropriation to Social Care Equalisation Reserve	-	-	-	0.4
Surplus Appropriation to Working Balance	-	-	-	1.0
Total Net Expenditure	244.7	244.7	243.8	249.1

During 2021-22, each of the service revenue budgets was given a RAG rating in terms of their year-end outturn position:

RAG Rating:	Achievement:
Red	Budget significantly overspent when compared to rolling budget
Amber	Budget broadly achieved when compared to rolling budget
Green	Budget significantly underspent when compared to rolling budget



The table below shows the actual outturn position compared to the Quarter 3 rolling budget and the Quarter 3 projected outturn at a Directorate level.

Directorate	2020-21	Net Expenditure 2021-22			Variance Actual to Q3 Rolling Budget £000
	Actual Outturn	Q3 Rolling Budget	Q3 Projected Outturn	Actual Outturn	
	£000	£000	£000	£000	
Education - Individual School Budgets	75,130	79,191	79,107	79,348	157
Education - Other	17,969	20,807	20,243	20,088	(719)
Social Care - Children	15,285	15,057	15,643	15,123	66
Social Care – Adults**	57,757	56,699	58,814	58,004	1,305
Housing Services	1,167	1,270	1,246	1,120	(150)
Housing Revenue Account	-	-	-	-	-
Highways & Transportation Services	8,206	9,009	8,133	8,951	(58)
Culture & Related Services	5,383	6,133	5,997	5,444	(689)
Planning & Development Services	1,642	1,806	1,718	1,571	(235)
Environmental Services	14,707	15,996	15,737	15,808	(188)
Central, Corporate & Democratic Services**	10,654	8,909	8,741	14,391	5,482
Council Tax Reduction Scheme	9,520	10,251	9,600	9,506	(745)
Court Services	288	319	311	289	(30)
Corporate Restructure Saving	-	(340)	-	-	340
Affordable Housing Scheme*	1,162	1,349	-	1,319	(30)
Contributions to Community*	1,163	1,349	-	1,319	(30)
Net Cost of Services	220,033	227,805	225,290	232,281	4,476
Levies	7,903	8,249	8,239	8,240	(9)
Net Investment Income	(418)	(288)	(441)	(456)	(168)
Capital Financing Costs	10,782	11,658	10,710	10,669	(989)
Total Net Expenditure	238,300	247,424	243,798	250,734	3,310

Financed By:	£000	£000	£000	£000	£000
Revenue Support Grant and Special Grant	(132,584)	(137,154)	(137,154)	(139,576)	(2,422)
NNDR	(39,620)	(42,233)	(42,233)	(42,233)	-
Council Tax	(63,771)	(65,339)	(65,339)	(67,287)	(1,948)
Second Homes & Long Term Empty Premium Council Tax*	(2,325)	(2,698)	(2,698)	(2,638)	60
Total Funding	(238,300)	(247,424)	(247,424)	(251,734)	(4,310)

Net (Surplus) / Deficit***	-	-	(3,626)	(1,000)	(1,000)
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* Second Homes Council Tax and Long Term Empty Properties Premium shown separately in the Management Accounts but consolidated in the Statement of Accounts tables.

** Social Care – Adults includes £0.4m surplus appropriation to the Social Care Equalisation reserve and Central, Corporate & Democratic Services includes £4.8m surplus contribution to the Initiative Fund reserve.

*** Net Surplus has been appropriated to the General Fund Working Balance

All service specific issues and commentary are shown in the [County Council Budget Outturn Monitoring Report 2021-22](#) approved by Cabinet on 11 July 2022.



1.3.3 COST REDUCTIONS/EFFICIENCIES 2021-22

The cost reductions/efficiencies target for 2021-22 was £7.5m (£3.3m and £4.2m slippage from 2020-21). £6.088m (81.1%) of this target has been achieved which is an improvement on previous years.

Each of the cost reductions/efficiencies have been given a RAG rating based on their projected achievement:

RAG Rating:	Achievement:
Red	Budget significantly overspent when compared to rolling budget
Amber	Budget broadly achieved when compared to rolling budget
Green	Budget significantly underspent when compared to rolling budget

The table below shows the agreed cost reductions/efficiencies at a Directorate level along with details of achievement at the end of 2021-22.

Directorate Cost Reduction/Efficiency :	Target 2021-22* £000's	Achieved Outturn 2021-22 £000's
Individual School Budgets	2,690	2,690
Education Services	481	173
Social Care – Children	369	99
Social Care – Adults	1,088	553
Housing General Fund	12	12
Highways & Transportation Services	143	143
Culture & Related Services	375	174
Planning & Development Services	452	398
Environmental Services	465	445
Other Central, Corporate & Democratic Services	330	314
Central and Other Holding Accounts	1,101	1,087
Total Cost Reductions/Efficiencies 2021-22	7,506	6,088

* There have been some minor movements between Directorate cost reductions /efficiencies but the total target remains the same.

Where cost reductions/ efficiencies are not achieved, they have been offset where possible by in year savings and will result in increased challenge to deliver services within budget in 2022-23.

1.3.4 HOUSING REVENUE ACCOUNT (HRA)

The Housing Revenue Account is a ring-fenced account, it includes income from rents and expenditure on managing the housing stock and related services.

- The Council has 5,696 (5,640) dwellings and 1,075 (1,075) shops and garages at 31 March 2022 (31 March 2021).
- The average opening un-rebated weekly rent collectable for 2021-22 was £87.43 (2020-21 £85.22).
- Income including rent and charges for services totalled £26.227m (2020-21 £25.610m).



- Revenue expenditure included £14.834m (2020-21 £10.648m) on repairs and maintenance, £0.717m (2020-21 £0.632m) on Rent, Service Charges and the provision for bad and doubtful debts, £4.373m (2020-21 £4.550m) on Capital financing adjustments and £6.303m (2020-21 £9.780m) appropriation to reserves for Capital improvements and maintenance catch up programme.
- Rent arrears for current tenants at the end of 2021-22 was £1.927m, an increase of £0.427m on the 2020-21 year end position. The rent arrears as a percentage of total rent due had increased by 1.44% on the 2020-21 year end position.

1.3.5 CAPITAL EXPENDITURE 2021-22

A key Council aim is to deliver an affordable and sustainable capital programme which underpins the Council's Well Being objectives. Capital expenditure for 2021-22 was £79.917m against a projected outturn of £119.436m and was financed from a number of sources, as shown in the table below.

Each element of the capital programme, at both a Directorate and individual project level, has been given a RAG rating based on the detailed criteria shown in the County Council Budget Outturn Monitoring Report 2021-22 approved by Cabinet on 11 July 2022.

	2021-22			2022-23
	Projected Outturn	Actual Expenditure	Actual to Projected Outturn	Original Estimate
	£000	£000	%	£000
Expenditure				
Education	12,688	1,918	15%	4,720
Social Care	743	752	101%	370
Highways & Transportation	14,234	11,023	77%	3,540
Housing – General Fund	4,569	2,254	49%	1,500
Culture & Related Services	5,156	4,629	90%	9,095
Planning & Development	15,017	5,246	35%	9,615
Environmental	2,654	2,054	77%	14,530
Corporate	9,556	2,813	29%	2,490
Housing - H.R.A.	17,817	18,257	102%	27,638
City Deal	4,644	2,588	56%	17,036
21st Century:				
Band A	1,316	1,818	138%	-
Band B	31,042	24,808	80%	32,692
Total Expenditure	119,436	78,160	65%	123,226
Financing				
Borrowing	31,474	11,127		55,187
Capital Grants & Contributions	60,567	62,140		59,120
Capital Receipts & Capital Fund	19,363	3,453		6,789
Earmarked Reserves	8,032	1,440		2,130
Total Financing	119,436	78,160		123,226

The original capital investment programme for 2021-22 and indicative programme for 2022-23 to 2024-25 was approved by Council on 4 March 2021.



All capital projects have been reviewed to assess their current costs and progress. As a result the programme was amended and approved by Cabinet on 3 October 2022 to reflect the following changes:

- Where projects in 2021-22 have not been completed by 31 March 2022, the resource may be rolled over to 2022-23;
- The approval and amendment of capital grant assumptions made during the budget cycle;
- The re-phasing and re-profiling of expenditure on certain projects;
- The deletion of projects no longer required; and
- The inclusion of new capital projects that have been approved through the Capital Bid process.

The UK economy has faced the challenges of Covid-19 and Brexit. Recently inflationary pressures have intensified with rising energy costs and shortage of goods and materials. These challenges have had an adverse impact on the delivery of the councils ambitious capital programme. Current schemes will continue to be monitored and the profiles will be amended to reflect any changes to the delivery timescale. For those schemes that have not commenced, potential delay to the start on site is actively being considered. In addition for those schemes in which new tenders have been received project viability is also being reviewed.

1.3.6 TREASURY MANAGEMENT

The Council's Treasury Management Strategy and Investment Strategy for 2021-22 were approved by Council on 4 March 2021. Treasury Management Indicators should always have a RAG rating of Green – "compliance with agreed limits and indicators". During 2021-22, there was full compliance and all RAG ratings were Green, no exceptions.

Borrowing transactions were within approved limits and all investments met the credit worthiness criteria at the date of deposit.

- External borrowing decreased from £204.6m to £203.9m
- Average investment portfolio was £71.2m (2020-21 £77.7m) with investment income of £0.17m (2020-21 £0.23m)
- The total amount of investments held at the 31 March 2022 was £73.8m (2020-21 £58.07m).

	Projected Outturn 31 March 2022 £m	Actual 31 March 2022 £m
Capital Financing Requirement		
General Fund	185.1	169.3
HRA	67.5	67.5
Total Capital Financing Requirement	252.6	236.8
External Debt		
Gross Borrowing	233.3	203.9
Other Long Term Liabilities	0.1	0.2
Total Gross External Debt	233.4	204.1



1.3.7 REVENUE COLLECTIONS

1.3.7.1 COUNCIL TAX

Cash collected to 31 March 2022 was £76.24m against a collectable debit of £79.12m. This represents an in year collection rate of 96.36%, which was higher than the 2020-21 collection rate of 95.57%.

Covid-19 is continuing to have an impact on Council Tax collection rates which are understandably below that of pre Covid-19 years (2019-20 97.65%) but are better than in 2020-21. Formal recovery measures taken during January and February 2022 resulted in an improved position by the end of the year.

The level of arrears since 2019-20 is shown in the table below:

Council Tax Arrears	£m
2019-20	3.200
2020-21	6.033
2021-22	7.992

As outlined in 1.3.2, Welsh Government provided a contribution of £1.3m towards our Council Tax collection rate deficit for 2021-22.

1.3.7.2 2ND HOMES PREMIUM AND LONG TERM EMPTY PROPERTY PREMIUM

The Second Homes Council Tax Premium debit raised for 2020-21 was £2.3m with the actual cash collected being £1.9m. The debit raised for 2021-22 was £2.4m and actual cash collected was £2.3m.

The Long Term Empty Property Premium debit raised for 2020-21 was £0.298m with the actual cash collected being £0.229m. The debit raised for 2021-22 was £0.391m and actual cash collected was £0.363m.

1.3.7.3 BUSINESS RATES

Cash collected to 31 March 2022 was £42.29m against a collectable debit of £42.74m. This represents an in year collection rate of 98.85% which was higher than the 2020-21 collection rate of 97.40% and represents a recovery to pre-pandemic levels.

Tables detailing all revenue collections are held within the County Council Budget Outturn Monitoring Report 2021-22 approved by Cabinet on 11 July 2022.

1.3.8 OTHER NON-COUNCIL GRANTS

As part of the Covid-19 response and recovery phase, Pembrokeshire County Council has continued to administer the distribution of grants for Welsh Government. These payments are not included within the management accounts reported as Pembrokeshire County Council is acting as an agency for Welsh Government.

Non-Council Grants	£000
Business Support grants	16,969
Care Worker Bonus payments	3,354
Cost of Living payments	5,657
Winter Fuel payments	918
Self Isolation £500 payments	1,220
SSP payments to Care Homes	169
Total	28,287



1.4 FINANCIAL POSITION 2021-22

The Balance sheet of the Council is summarised below and shows its assets and liabilities.

2020-21		2021-22	
Net Assets	Reserves	Net Assets	Reserves
Long Term Assets £808m	Usable Earmarked Reserves and Capital Receipts £78m	Long Term Assets £982m	Usable Earmarked Reserves and Capital Receipts £104m
Current Assets less Current Liabilities £57m	Usable General Balance £8m	Current Assets less Current Liabilities £79m	Usable General Balance £9m
Long Term Liabilities (£470m)	Unusable Reserves £309m	Long Term Liabilities (£439m)	Unusable Reserves £509m
TOTAL NET ASSETS £395m	TOTAL RESERVES £395m	TOTAL NET ASSETS £622m	TOTAL RESERVES £622m

1.4.1 PROPERTY PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS

Movement in asset valuations as well as accounting charges such as depreciation have no impact on the Council Tax or rent payable as they are required to be reversed from unusable reserves.

Note 12.1 provides full details of asset movements during the year.

Due to the volatility in the market it has been necessary to revalue all assets which may have experienced a material change in value, this has included all HRA housing assets together with all assets valued on a Depreciated Replacement Cost (DRC) basis. This is in addition to the Council's rolling programme of revaluations of Social Services, Culture and Development, Leisure, Libraries and Museums assets.

Capital receipts from the disposal of property assets was £1.2m in respect of non-council housing and £0.127m in respect of Council House Sales.

1.4.2 LONG TERM LIABILITIES – PENSION LIABILITY

The Council is a member of the Dyfed Pension Fund, with details of Pension Costs shown in Note 10.4.

- The cost to the Council during the year for pension liabilities was £16m (£15m for 2020-21).
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £234m at 31 March 2022, based on the latest actuarial assumptions. This has decreased by £31m from 2020-21.
- The fund is revalued every three years, with the fund's assets at 31 March 2019 reflected in the 2021-22 accounts.

The Teacher's pension scheme is administered by the Department for Education in England and Wales. This is an unfunded scheme, meaning that there are no investment assets accumulated to



meet pension costs before they arise, and therefore no fund assets or liabilities appearing in the Council's Balance Sheet.

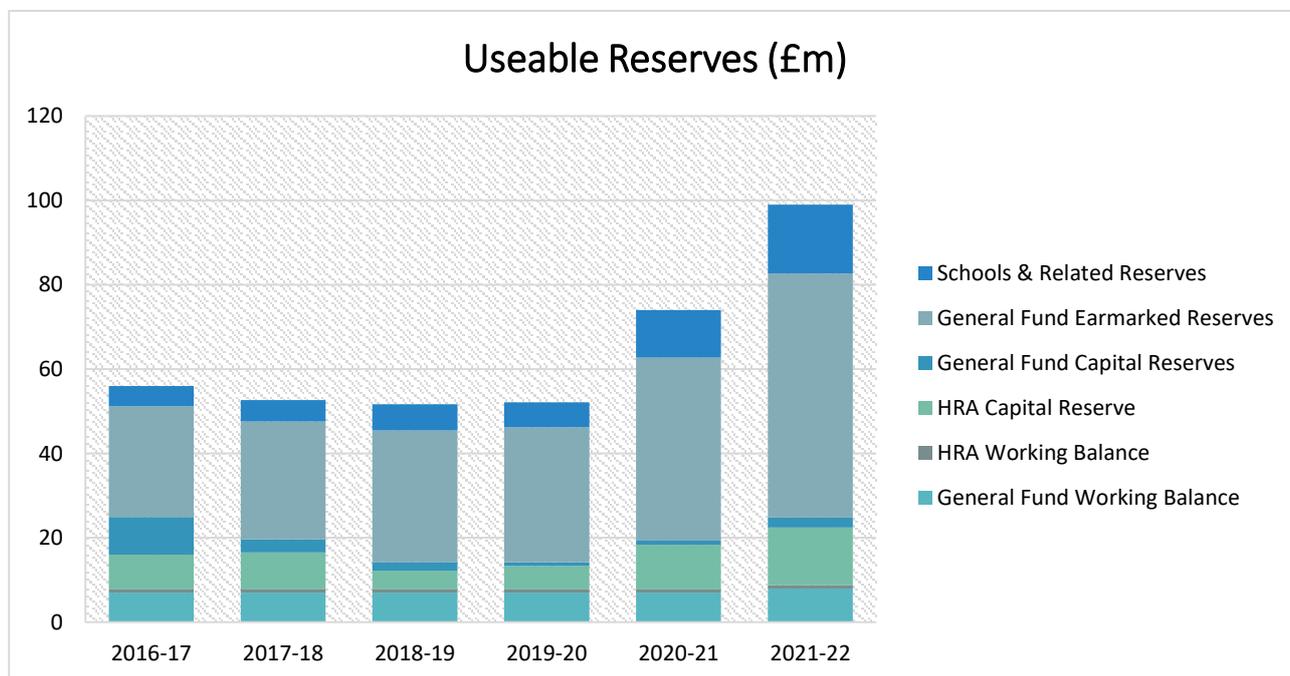
1.4.3 RESERVES

Useable Reserves are set aside for specific purposes or for general contingencies and cash flow management. The Strategy for Holding and Utilising Reserves was agreed by Council on 10 March 2016 and can be found on our website via the following link ([Budget Report Appendix B](#)). It will be formally reviewed during 2022-23.

Unusable reserves are maintained to comply with relevant accounting requirements and cannot be used for specific purposes.

Useable reserves are detailed in Note 11.2, whilst unusable reserves are shown in note 12.13. The chart below shows the movement in useable reserve balances from 2016-17 to 2021-22.

A significant amount of grant funding was received at the end of 2020-21 and 2021-22 which was used to offset existing expenditure. Savings were also recognised where works could not be carried out due to Covid-19 restrictions, or where services are struggling to recruit into vacant positions. Where expenditure has been delayed and a specific scheme of work has been identified, these underspends have been appropriated to reserve to fund the increase in expenditure to catch-up. This has resulted in an increase in usable reserves held as at 31 March 2022. These additional appropriations to reserve must be drawn down over the term of the MTFP.



1.5 FINANCIAL OUTLOOK

The Covid-19 pandemic has required an unprecedented response from the Council during the response and recovery phases, and it is hoped that we can start to move from the recovery phase to steady state during 2022-23. However, there remains considerable uncertainty concerning the Covid-19 virus, coupled with increasing inflation rates and the cost of living, labour shortages and the unknown impact of the war in Ukraine. All these could have material implications for Pembrokeshire County Council for the foreseeable future. The Budget for 2022-23 will be reviewed and updated throughout the year to reflect the financial impact of each of these factors.



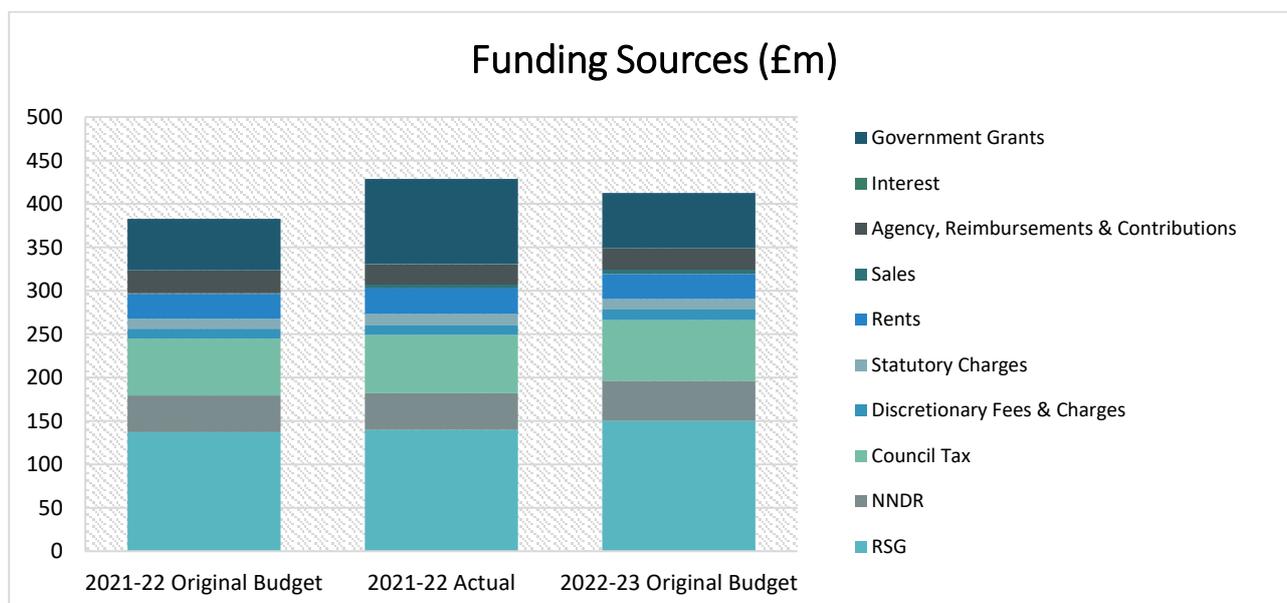
The additional costs and the net lost fees and charges income relating directly to Covid-19 will no longer be funded by the Welsh Government. Any continuing financial pressure on Pembrokeshire County Council budgets arising from the recovery from Covid-19 during the current or future years will be funded initially through use of the Hardship Fund reserve, but may require the use of other earmarked reserves or the working balance where this is exceeded.

The indicative Wales-level core revenue funding allocations for 2023-24 show an uplift of 3.5% and for 2024-25 show an uplift of 2.4%. Inflationary increase for March 2022 was running at 7.0% and continues to increase, being 11.1% for October 2022. The 2022-23 NJC pay award is £1,925 per salary spinal column point, this equates to an average increase of 6.5% for non-teaching staff, with the current Teachers pay offer a 5% increase from September 2022. The resulting increased budget pressure, above the approved budgeted, is in the region of £3.287m for 2022-23. It is anticipated that pay increases will remain at this level for 2023-24. The level of Council Tax increases for future financial years will be a key consideration in determining the Council’s future budgets.

The Medium Term Financial Plan (MTFP) 2022-23 to 2025-26 outlined the key budgetary risks, but the additional financial pressures resulting from the exceptional inflationary / cost of living increases and the war in Ukraine are expected to exceed the pressures shown. This will be kept under close review with financial pressures brought into the MTFP incrementally as required.

The Council receives its funding from two main sources – Aggregate External Finance (AEF) and Council Tax. The AEF, comprising of Revenue Support Grant (RSG) and redistributed National Non-Domestic rates is awarded by Welsh government. Other sources of funding include specific Government and European grants and income from fees and charges. The graph below shows the budgeted funding for 2022-23 versus actual and budgeted funding received during 2021-22.

During 2021-22 additional funding was received from Welsh Government to fund the additional expenditure and loss of income arising as a result of the Covid-19 response. This additional funding has not been budgeted for in 2022-23.



The 2022-23 budget approved by Council on 3 March 2022 identified a funding gap for 2022-23 of £12.6m and the projected funding gap for the MTFP 2022-23 to 2025-26 of £39.6m (most likely scenario). This assumed an increase in AEF of 9.4% in 2022-23 and that Pembrokeshire will be funded at an indicative rate for 2023-24 and 2024-25 indicated in the 2022-23 final settlement of

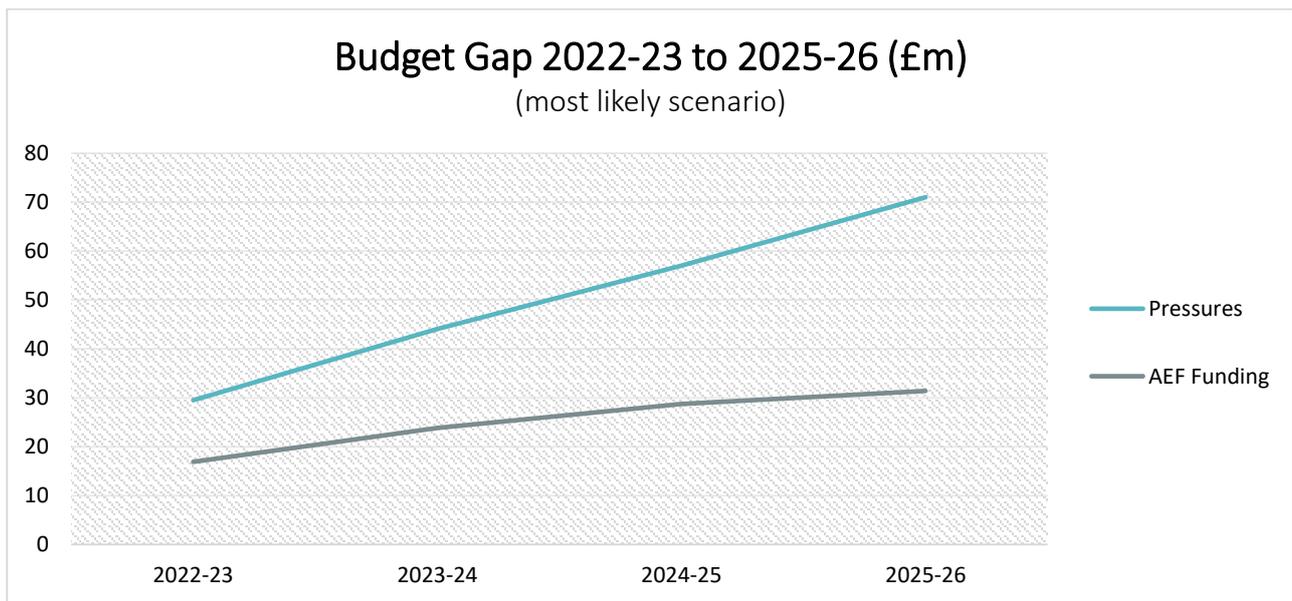


+3.5% and +2.4% respectively. AEF funding for 2025-26 has been assumed to be within the range of 0.0% to +2.4%; the most likely scenario reflecting a +1.3% increase.

Workforce inflation was estimated at 4.00% over the MTFP (except the ISB April to August 2022) but this has increased during 2022-23 and is likely to continue into 2023-24. Non-pay price inflation rates were assumed to stabilise after an initial increase in CPI, fuel and material costs and real living wage in 2022-23, but the latest economic situation suggests that we are unlikely to see a stabilisation until the end of 2023-24.

The funding gap for 2022-23 is to be bridged by £3.3m of additional Council Tax income; £2.6m contribution from the Hardship Fund reserve and £7.4m of budget savings enabling £0.7m of additional growth above identified pressures.

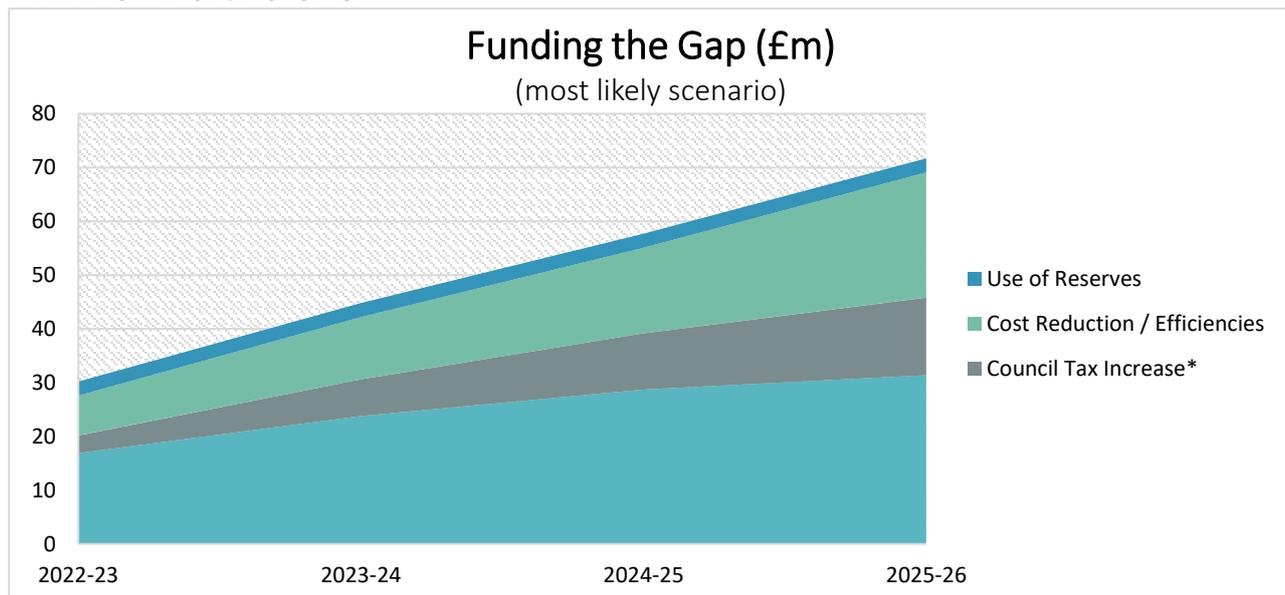
The graph below shows the projected most likely funding gap over the life of the MTFP 2022-23 to 2025-26. The projected funding gap will increase when the MTFP 2023-24 to 2026-27 is compiled due to the significant inflationary pressures outlined above.



The Council continued to have the lowest Council Tax (Band D) in Wales for 2021-22, despite a Council Tax increase of 3.75%. The Council Tax increase of 5.0% for 2022-23 will generate an additional £3.3m. The MTFP 2022-23 to 2025-26 assumes a Council Tax increase of 5.0% per annum over the life of the MTFP, the remaining funding gap being met by budget savings.



The graph below shows how the projected most likely funding gap will be met during the life of the MTFP 2022-23 to 2025-26.



* Council Tax increase assumes no change in Council Tax Base 2023-24 to 2025-26.

The use of earmarked reserves is governed by the Strategy for Holding and Utilising Reserves, approved by Council on 10 March 2016. For 2022-23, it is proposed that a contribution of £2.6m from earmarked reserves (Hardship Fund) will be utilised to bridge the funding gap.

It was planned that there will be no further contributions from earmarked reserves or the working balance over the MTFP, as this can only ever be a short term “sticking plaster” solution, however the financial outlook has changed considerably during 2022-23 so this approach may have to be reconsidered.

The MTFP 2022-23 to 2025-26 outlined the key budgetary risks, but the additional financial pressures resulting from the exceptional inflationary / cost of living increases and the war in Ukraine are expected to exceed the pressures shown. This will be kept under close review with financial pressures brought into the MTFP incrementally as required.

1.5.1 KEY FINANCIAL RISKS IDENTIFIED IN THE COUNTY COUNCIL BUDGET 2022-23 REPORT

- Well-being Objectives may not be appropriately funded during 2022-23 due to approval of the Corporate Plan and Budget not being aligned.
- National Pay Awards and Employers Pension Contributions may be above that budgeted.
- Additional in year pressures due to Brexit and Covid-19.
- The contingency may not be sufficient to cover the budget pressure relating to teaching and non-teaching pay awards.
- Council Tax collection rate may be lower than budgeted
- Rent Arrears may continue to increase
- Council Tax Reduction Scheme (CTRS) costs may increase
- Grant Funding may not materialise
- A Reducing Workforce will have a direct impact on service provision
- Capital Financing Costs become unaffordable – this has been mitigated by introduction of a cap of £14.07m per annum, to be increased by inflation from 2021-22 (£14.51m for 2022-23)



- The basis and projections of the Medium Term Financial Plan are revised
- Mutual Investment Model (MIM) costs may be higher than budgeted
- Costs associated to deliver the Council's commitment to a net zero carbon by 2030

The War in Ukraine was not included in the Budget Report but is a significant risk that has developed during 2022-23 resulting in additional in year pressures.

1.6 POST BALANCE SHEET EVENTS

The Council were successful in winning a joint Freeport bid in collaboration with Milford Haven Port Authority, Associated British Ports and Neath Port Talbot Borough Council announced on 22 March 2023. The two ports of Milford Haven and Port Talbot have complementary facilities to exploit the very significant potential for off-shore floating wind (FLOW) developments in the Celtic Sea, a key area identified by the UK government (Crown Estate) for up to 4 Gigawatt of FLOW. In addition, there is a growing interest in the hydrogen sector and the contribution this can make to the decarbonisation of heavy industry and energy installations in Port Talbot and Milford Haven.

1.7 CONCLUSION

Despite the continued response to and recovery from Covid-19 during 2021-22, the Council's financial position continued to improve throughout the year, resulting in an Outturn position of a £1.9m underspend, after accounting for contributions to and from reserves.

Welsh Government continued to reimburse the majority of the Covid-19 additional expenditure and lost income for 2021-22 and also provided substantial levels of additional grant funding, particularly during the final quarter of 2021-22, as shown in the County Council Budget Outturn Monitoring Report 2021-22 approved by Cabinet on 11 July 2022. Where this additional grant funding is to be used for specific purposes it has been offset against core expenditure, with the resultant saving being appropriated to reserve for specific projects in 2022-23 and over the term of the Medium Term Financial Plan. This has resulted in an increase in school balances and general fund reserves.

Whilst increasing reserves is always positive, we must remember that the projected funding gap in the Medium Term Financial Plan 2022-23 to 2025-26 will be increasing due to the current levels of inflation and the cost of living crisis, therefore, we need to continue to address these financial challenges and move the Council to a sustainable financial position over the medium and longer term. This will inevitably result in some extremely difficult decisions having to be made, by officers and Members, and the positive Outturn position for 2021-22 should not be used to mask the financial challenges ahead.

Since the onset of the Covid-19 pandemic, the level and age of unpaid debt has been steadily increasing. This is due to a suspension of debt collection during the height of the Covid-19 pandemic, but also due to staffing vacancies, and recovery staff redirected onto other tasks. We must ensure that we address this trend during 2022-23 and aim to return to at least pre Covid-19 levels of debts by the end of 2023-24.

If you need any more information about our Statement of Accounts, please contact the Director of Resources, Pembrokeshire County Council, County Hall, Haverfordwest, SA61 1TP. Our Statement of Accounts will also be available on the Council's internet site.

Jonathan Haswell FCCA
Director of Resources





2.0 AUDITOR'S REPORT

Pembrokeshire County Council - Statement of Accounts 2021-22



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on financial statements

I have audited the financial statements of Pembrokeshire County Council for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

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

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 Pembrokeshire County Council 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 Pembrokeshire County Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other information

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



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

I have nothing to report in this regard.

REPORT ON OTHER REQUIREMENTS

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
- the information given in the 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 Pembrokeshire County Council 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 set out on pages 25 to 26, the responsible financial officer is responsible for the preparation of the statement of accounts, 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 Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement



when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Enquiring of management, the Council's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to 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 posting of unusual journals;
- Obtaining an understanding of the Council'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 and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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



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 Pembrokeshire County Council 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
18 May 2023

1 Capital Quarter
Cardiff
CF10 4BZ





3.0 STATEMENT OF RESPONSIBILITIES



3.0 STATEMENT OF ACCOUNTS

3.1 STATEMENT OF RESPONSIBILITIES

THE COUNCIL'S RESPONSIBILITIES

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Resources.
- To manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

THE DIRECTOR OF RESOURCES' RESPONSIBILITIES

The Director of Resources 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 Resources has:

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

The Director of Resources has also:

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



CERTIFICATE OF DIRECTOR OF RESOURCES

The Statement of Accounts of the Pembrokeshire County Council for the year ended 31 March 2022 is contained within Sections 4-14, and is produced in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended). The Regulations prescribe the contents of the Statement of Accounts and it is upon the contents only that the Audit opinion is expressed.

I certify the accounts present a true and fair view of the financial position of Pembrokeshire County Council as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022 and append my signature to the Statement in accordance with Regulation 10(1).



J HASWELL FCCA
Director of Resources
Date: 11 May 2023

REPORTING AND APPROVAL

These accounts, initially published on 12 December 2022, will be reported to Full Council for approval on 11 May 2023, following the conclusion of the Annual Audit. The audit certificate is shown in section 2.0.



Cllr Simon Hancock
Presiding Member
Date: 11 May 2023



4.0 CORE FINANCIAL STATEMENTS UNDERLYING PRINCIPLES



4.0 CORE FINANCIAL STATEMENTS - UNDERLYING PRINCIPLES

The application of accounting standards, concepts, critical judgements and inherent risks, and accounting policies used in preparing the core Financial Statements are set out within Section 8.0.

4.1 FINANCIAL REPORTING STANDARDS

The International Financial Reporting and Other Standards that have been issued have been applied as required by the Code of Practice on Local Authority Accounting 2021-22, and the Statement of Accounts as set out within Sections 4-15, have been prepared in compliance with the Code.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom requires disclosure of the expected impact of any accounting standards that have been issued but not yet adopted.

IFRS 16 Leases

This standard removes the previous lease classifications of operating and finance leases and will require Local Authorities that are lessees to recognise all leases on their balance sheets as right of use asset (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make a lease payments for the assets. However, it should be noted that CIPFA/LASAAC have again deferred implementation of IFRS 16 for local government to 1 April 2024.

A project group has been set up to implement this change and to ascertain the impact.

Annual Improvements to IFRS Standards 2018–2020

The annual IFRS improvement programme notes 4 changed standards:

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

None of the matters covered in the annual improvements are dealt with in detail in the 2022-23 Code. During the consultation process on the 2022-23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

IAS 16 Property, Plant and Equipment

Amendments to proceeds before intended use.



THE LOCAL AUTHORITIES (CAPITAL FINANCE AND ACCOUNTING) (WALES) (AMENDMENT) REGULATIONS 2022 / AMENDMENT TO CIPFA CODE

The statutory instrument amending the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 came into force in December 2022. This follows extensive discussions on the impact of the outcome of the CIPFA LASSAC consultation on the treatment of Infrastructure Assets.

The Update amends both the 2021-22 and 2022-23 Codes (and may apply to the accounts of local authorities where an opinion has not yet been given) and includes specifications for future Codes though these specifications will also be included in those Codes for completeness. CIPFA issued its final accounting guidance in early January 2023.

CIPFA have provided an Update to the Code and Specifications for Future Codes for Infrastructure Assets (the Update November 2022) which provides amended specifications on the disclosure of gross cost and accumulated depreciation for infrastructure assets. The Update allows local authorities temporary relief. The temporary relief for reporting infrastructure assets gross cost and accumulated depreciation will apply until the end of the 2024-25 financial reporting year and will be incorporated in both the 2023-24 and 2024-25 Codes. It is anticipated that the longer-term solution for the reporting of infrastructure assets will be implemented from 1 April 2025.

As required by the updated Code, if the local authority decides not to report gross cost and accumulated depreciation because information does not faithfully represent the required information for infrastructure assets, the disclosure note on property, plant and equipment must advise this. This is provided in Section 12.1.1.1.





5.0 ACCOUNTING CONCEPTS

Pembrokeshire County Council – Statement of Accounts 2021-22



5.0 ACCOUNTING CONCEPTS

The following pervasive accounting concepts have been used in the preparation of the Core Accounting Statements:

- Accruals basis
- Going concern

The qualitative characteristics of useful financial information continue to be employed:

- Relevance
- Comparability
- Verifiability
- Timeliness
- Understandability
- Materiality
- Faithful Representation
 - Completeness
 - Neutrality
 - Free from error
- Primacy of legislative requirements





6.0 CRITICAL JUDGEMENTS

Pembrokeshire County Council – Statement of Accounts 2021-22



In applying the accounting policies set within Note 8.0, the Council has made judgements about the complex transactions and those involving uncertainty in future years.

- Although there is a significant degree of uncertainty about the future level of funding for local government, there is insufficient evidence to conclude that any assets of the Council may be impaired as a result.
- The outbreak of COVID-19 declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence returning to levels where adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation is not reported as being subject to “material valuation uncertainty” as defined by VPS 3 and VPGA 10 of the RICS valuation – Global standards, except as identified below.
- We are already seeing economic shocks rippling out around the world because of the war in Ukraine. There is potential for the war to negatively impact on property markets. Oil jumped to \$139 a barrel at one point, the highest level for almost 14 years, while wholesale gas prices for next-day delivery have more than doubled. We are starting to see this impact on prices at petrol pumps, which will increase manufacturing and logistics costs. Rising gas and oil prices will increase building costs. Russia is the world's second largest producer of Aluminium, and that will create a cost impact. Russia is also a major exporter of nickel, and other commodities. Any changes are likely to hit different markets in different ways, and in different locations. It is unlikely that we will see too much impact just yet. However, building costs will surely begin to rise. When and how fast that will be remains to be seen, but it is something we can fully expect to happen. The prospect of Material Valuation Uncertainty must raise its head. As the Red Book says; "The overriding requirement is that a valuation report must not be misleading or create a false impression. The valuer should expressly draw attention to, and comment on, any issues resulting in material uncertainty in the valuation as at the specified valuation date. “Markets can be disrupted by relatively unique factors. Such disruption can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or to the valuer being faced with an unprecedented set of circumstances on which to base a judgment.” (VPGA 10) Consideration needs to be given to whether it is appropriate in the case of DRC valuations.
- Guidance issued by Audit Wales stated there was a need to ensure that property, plant and equipment (PPE) asset carrying values are not materially different from current values. Due to significant increases in build costs (driven by inflation and economic instability) and house sale prices, valuations needed to be reviewed. As a result all assets valued on a DRC basis were revalued along with housing stock.



- In certain instances it has been necessary to estimate the charges made in the accounts using historical experience, current trends etc. Actual results may be different from the assumptions made and consequently may affect the charges made in future years' accounts.'
- The original planned capital investment for the Sustainable Communities for Learning Programme (formally the 21st Century Schools Band B programme) has been amended from £106.4m to £73.250m. The reduction is due to the Milford Haven Secondary and Primary School Project moving to an alternative funding option called Mutual Investment Model (MIM). The current allocation for the MIM is £86.829m. The current funding envelope of £160.079m (£73.250m capital allocation and £86.829m MIM) is insufficient to complete all projects within the original Strategic Outline Plan (SOP). This is primarily due to the current economic climate, market capacity issues and rising contractor costs. The Authority can bid for additional funding back to the original £106.40m capital allocation once 80% of current capital projects have been committed, however there is no guarantee that a request will be approved. The requirement to find the match funding remains a key issue as well as the revenue pressure associated with the MIM. Full Council (3 March 2022) approved 0.27% of the Council Tax increase to be earmarked to fund the MIM revenue costs. Since this approval costs have risen significantly resulting in the annual revenue cost for MIM doubling and hence the requirement for the allocated increase in Council Tax to double as well. This will be subject to Council approval on 2 March 2023.
- The Swansea Bay City Region Deal involving Pembrokeshire County Council, Carmarthenshire County Council, Neath Port Talbot County Council and Swansea City Council was signed by the UK Prime Minister on 20 March 2017. It involves £1.3bn of private and public investment to be spent over 15 years. In June 2020 the Pembroke Dock Marine business case received approval to be part of the overall Swansea Bay City Deal programme. Due to timing of the £28.0m grant this project will require the Council to borrow £11.7m. The Council have agreed a maximum funding contribution of £1.0m to support the borrowing costs for the project. The agreement between the Accountable Body and the Council was signed on 23 February 2021 with the agreements between the Council and the four delivery partners signed on 2 July 2021.

In addition there are 3 regional projects, Digital Infrastructure, Homes as Power Stations and Skills and Talents. Due to the timing of the grant on these projects there will be a requirement for the Council to borrow. The level of borrowing required is still to be confirmed.

- Following the May 2022 elections, at the Annual Council Meeting on 26 May 2022 the Leader was reappointed forming a new Cabinet. A new Programme for Administration will be in place by January 2023.
- £532k of joint venture receipts held by Pembrokeshire County Council, previously earmarked for the development of South Quay, has been the subject of ongoing discussions with Welsh Government regarding the potential need to be repaid. Welsh Government have agreed to transfer the £532k to enhance their contribution to the Witybush Food Park Joint Venture.
- Council Tax Reduction Scheme (CTRS) has been shown gross in the Cost of Services segment of the Comprehensive Income and Expenditure Statement rather than netting it off Council Tax Income in the Taxation and Non-Specific Grant Income segment. As there is no specific reference to the proper accounting treatment of CTRS in the CIPFA Accounting Code of Practice or Guidance notes, reliance has been placed on IPSAS 23 – Revenue from Non-Exchange Transactions (taxes and transfers). This standard is relevant to public sector bodies and states that taxation revenue shall be determined at a gross amount; it shall not be reduced for expenses paid through the tax system.



- Education through Regional Working (ERW), formerly an alliance of up to six local authorities but latterly four, ceased on 31 March 2022 with Partneriaeth, an alliance of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council commencing on 1 April 2022 under a new legal agreement. As with ERW, Pembrokeshire County Council is the employing body for the Partneriaeth staff and maintains the Partneriaeth finances/accounts (see note 10.7.4.4 for Pembrokeshire County Council's element of ERW Accounts), providing financial services, internal audit, ICT, HR and procurement support to Partneriaeth via service level agreements.

The main risk areas are set out in the following table:

Issues appertaining to items in the current set of accounts:		
Item	Risk	Potential Affect
Contractual Obligations	Incorrect quantification and legal challenge	Additional charge to taxpayer at future date
Provisions	Quantification incorrect	Additional charge to taxpayer at future date
21 st Century Schools (Band A & Band B)	Incorrect cost assumptions Interest rate increases above LGBI rates (Band A)	Increased contractual costs Increased debt charge resulting in additional charge to taxpayer
Non-Current Assets	Useful Life Valuation Material Uncertainty	Incorrect depreciation charge Incorrect asset valuation
Pension Liability	Actuarial assumptions incorrect	Increased Employer contributions at future date / additional charge to taxpayer at future date
Welfare Reform Act	Assumptions incorrect	Increased service costs including bad debts
Demographic changes	Assumptions incorrect	Increased service & contractual costs
Grant Funding	Loss of grant from Welsh Government, UK Government & Europe	Reduction in service provision
Governance	Decisions not made or not made in timely manner	Budget over / under spends & loss of grant funding
Contractual Arrangements	Large private sector organisation going into Administration	Delays to service provision and increased cost
Transformation / Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over / under spend Separate accounting arrangements
Valuation Uncertainty	Assumptions incorrect Human Error during input	Incorrect valuations in the balance sheet – over/under
Infrastructure Assets	Misinterpretation of updated Code of Practice	Qualified audit opinion



Issues potentially impacting the accounts in the future:		
Item	Risk	Potential Affect
Wellbeing of Future Generations Act	Act not considered in decision making	Cost of corrective action
Swansea Bay City Region	Additional pressure in MTFP	Budget requirement / overspend
Schools Reorganisation / 21 st Century Schools (Band B)	Unable to provide service within existing budgets Incorrect cost assumptions Construction material shortages and price increases. If MIM is utilised to fund projects incorrect inflation assumption as well as increase in construction costs	Budget overspend Increased contractual costs Approved 0.27% of council tax increase earmarked to fund revenue cost of MIM will be insufficient. Any further increase (if approved) will add further pressure to revenue budget
Housing Rent Policy Changes	Incorrect Business plan assumptions. Breaching HRA income limits.	Additional charge to tenants at future date. Welsh Government Intervention
Brexit	Exchange rate risk. Risk of trade tariffs. Reduced capacity in the social care market from external providers	Increased costs to service Delays to service provision due to shortages in supply of goods and services. Increased cost to service Reduction in service provision
Contractual Arrangements	Large private sector organisation going into Administration.	Delays to service provision and increased cost.
Grant Funding	Loss of grant from Welsh Government & Europe.	Reduction in service provision. Increased costs to service
Covid-19	Economic instability and uncertainty. Cessations of Welsh Government Covid-19 funding, with additional costs and loss of income remaining.	Increased costs of service provision and loss of income generation Increased bad debt relating to services and Council Tax collection
Fallout from Covid-19	Reduced Welsh Government funding (AEF) and Council Tax increases.	Increased cost reductions/efficiencies across Council services, and service prioritisation in order to ensure a balanced budget.
Cleddau Bridge	£60m compensation over 20 years does not recognise inflationary risk over time £3m annual instalments delayed or grant clawback from Welsh Government	Increased service cost over time Reduced cashflow and budget gap



Issues potentially impacting the accounts in the future:		
Item	Risk	Potential Affect
War in Ukraine	Economic instability and uncertainty	Increased costs of service provision and loss of income generation Increased bad debt relating to services and Council Tax collection
Cost of Living Crisis	Economic instability and uncertainty	Increased costs of service provision and loss of income generation Increased bad debt relating to services and Council Tax collection
Government Policy	Economic instability and uncertainty	Increased costs of service provision and loss of income generation not met by increase in financial settlement.
Interest Rates	Economic instability and uncertainty	Increased borrowing costs will have an adverse impact on the revenue budget. Conversely, investment income will benefit from a favourable increase in interest rates.
Valuation Uncertainty	Material changes in pattern of economic consumption Assumptions incorrect Human Error during input	Additional resources required to undertake additional valuations Incorrect valuations in the balance sheet – over/under
Infrastructure Assets	Misinterpretation of updated Code of Practice	Qualified audit opinion





7.0 CORE FINANCIAL STATEMENTS COMPONENTS AND DETAIL

Pembrokeshire County Council – Statement of Accounts 2021-22



7.0 CORE FINANCIAL STATEMENTS – COMPONENTS AND DETAIL

The core financial statements, prepared using International Financial Reporting Standards (IFRS), comprise of:

- The Comprehensive Income and Expenditure Statement - showing the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS basis) as opposed to the cost actually funded from taxation. The reconciliation to the taxation position, as represented by the actual funds available to the Council, is shown in the Expenditure and Funding Analysis.
- The Movement in Reserves Statement – showing the movement on the different reserves held by the authority analysed between usable reserves and unusable reserves held for financial accounting purposes.
- The Balance Sheet - which sets out the financial position on 31 March in terms of the value of assets and liabilities recognised by the Council and the reserves held by the Council.
- The Cash Flow Statement - which summarises the inflows and outflows of cash and cash equivalents with third parties arising from revenue and capital transactions.

SUPPORTING NOTES AND SUPPLEMENTARY FINANCIAL STATEMENTS

These comprise of:

- The Expenditure and Funding Analysis.
- Notes to the core financial statements.
- Other accounts prepared or controlled by the Council.
- The Housing Revenue Account Income and Expenditure Statement, Movement on the Housing Revenue Account Statement and supporting notes that summarise the transactions relating to Council Housing.

GROUP ACCOUNTS

When appropriate, group accounts are to be prepared to reflect the total cost of service provision by including the appropriate expenditure, income and the assets and liabilities of “subsidiary” bodies in which the Council has a material interest and influence. The need for group accounts has been considered and felt not to be necessary.

Since 2014-15, Tenby Pool gross income and expenditure and the fixed asset values have been incorporated into the Council’s Statement of Accounts in accordance with the changes to the Code.

Further details on the Councils joint arrangements are set out within notes 10.7.4.4.

7.1 EXPENDITURE AND FUNDING ANALYSIS

This note shows the reconciliation between how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Authorities as reported to management in the Revenue Outturn report in comparison with those resources consumed or earned by Authorities in accordance with generally accepted accounting practices (IFRS basis). It also shows how this expenditure is allocated for decision making purposes between the Council’s services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).



2020-21				2021-22		
Net Expenditure in Revenue Outturn	Adjustment between the Funding and Accounting Basis (Note 9.1)	Net Expenditure in the CIES		Net Expenditure in Revenue Outturn	Adjustments between the Funding and Accounting Basis (Note 9.1)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
93,099	681	93,780	Education Services	99,436	1,229	100,665
15,285	1,083	16,368	Childrens Services	15,123	1,953	17,076
57,757	1,593	59,350	Adult Services	58,004	2,466	60,470
1,167	657	1,824	Housing Services	1,120	(86)	1,034
-	(43,412)	(43,412)	Council Housing	-	(26,066)	(26,066)
8,206	4,507	12,713	Highways & Transport Services	8,951	6,827	15,778
5,383	2,947	8,330	Culture & Related Services	5,444	2,436	7,880
1,642	2,046	3,688	Planning Services	1,571	1,705	3,276
14,707	1,745	16,452	Environmental Services	15,808	2,945	18,753
10,654	(3,264)	7,390	Other Central, Corporate & Democratic Services	14,391	(2,269)	12,122
9,520	-	9,520	Council Tax Reduction Scheme	9,506	-	9,506
288	9	297	Court Services	289	16	305
1,162	(1,138)	24	Affordable Housing Scheme*	1,319	(1,253)	66
1,163	(444)	719	Contributions to Community*	1,319	(423)	896
220,033	(32,990)	187,043	Net Cost of Services (inc HRA) / Deficit on Continuing Operations	232,281	(10,520)	221,761
7,903	17,087	24,990	Other Operating Expenditure	8,240	17,370	25,610
10,364	5,531	15,895	Financing & Investment Income & expenditure	10,213	4,572	14,785
(238,300)	(55,639)	(293,939)	Taxation and non-specific grant income*	(251,734)	(75,080)	(326,814)
-	(66,011)	(66,011)	(Surplus) or Deficit	(1,000)	(63,658)	(64,658)

* Second Homes Council Tax and Long Term Empty Property Premium shown separately in the Management Accounts but consolidated in the Statement of Accounts tables.

	2020-21 Fund Balance £000	2021-22 Fund Balance £000
Opening General Fund and HRA Balance	(7,752)	(7,752)
less / add Surplus or (Deficit) on General Fund and HRA Balance in Year	-	(1,000)
Closing General Fund and HRA Balance at 31 March**	(7,752)	(8,752)

** For a split of this balance between the General Fund and HRA see note 7.3 Movement in Reserves Statement

7.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement below.

The Comprehensive Income and Expenditure Statement can be summarised as follows:



7.2.1 SURPLUS/DEFICIT ON CONTINUING OPERATIONS

Analyses by service groupings, the day to day income and expenditure on such items as employee remuneration, running costs of services, capital charges, service specific grants, rents, fees and charges.

In accordance with the Code requirements, the operating income and expenditure of services include the following. These do not form part of the estimates for tax raising purposes, having no direct in year net cost to the taxpayer, but which are required to measure the underlying economic cost of services in any one year:

- Receipts under £10k arising from the sale of assets. A sum of £18k is included in Corporate and Democratic Core income that has been appropriated to Capital Receipts Reserve in accordance with accounting policies
- Miscellaneous receipts not related to disposal of assets. A sum of £106k is included in Corporate and Democratic Core income that has been appropriated to Capital Receipts Reserve in accordance with accounting policies
- The following “notional” costs are also included that are “reversed out” in the Movement in Reserves Statement:
 - revenue expenditure funded from capital under statute and grants
 - depreciation and impairment costs of fixed assets
 - current service pension costs
 - accrued employee benefits

7.2.2 OTHER OPERATING EXPENDITURE & FINANCING & INVESTMENT INCOME

Adds the following to the Surplus/Deficit on Continuing Operations:

- precepts & levies
- agency activities
- interest received on external investments and interest paid on external loans
- the cost of writing down premiums and discounts associated with restructuring the loan portfolio

In addition the Code requires that the following costs, which are not budgeted for either being notional or having no direct in year net cost to the taxpayer, are also added:

- pensions net interest cost
- gains or losses on asset disposals and costs of sales.

7.2.3 TAXATION AND NON-SPECIFIC GRANTS

Shows the income received from general taxation in the form of revenue support and other non-specific grant income, national non-domestic rates and council tax. General capital grant and contributions for capital purposes are recognised as revenue income under the Code.



7.2.4 OTHER COMPREHENSIVE INCOME & EXPENDITURE

Shows the surplus or deficit arising from the revaluation of fixed and financial assets and re-measurement of pension assets and liabilities.

Comprehensive Income And Expenditure Statement	Note	2020-21*			2021-22		
		Gross Total Cost	Income	Net Total Cost/ Expend	Gross Total Cost	Income	Net Total Cost/ Expend
		£000	£000	£000	£000	£000	£000
Education Services		123,193	(29,413)	93,780	136,018	(35,353)	100,665
Social Care - Childrens Services		22,843	(6,475)	16,368	27,395	(10,319)	17,076
Social Care - Adult Services		98,149	(38,799)	59,350	100,801	(40,331)	60,470
Housing Services		32,065	(30,241)	1,824	31,292	(30,258)	1,034
Council Housing		(17,744)	(25,668)	(43,412)	191	(26,257)	(26,066)
Highways & Transport Services		26,791	(14,078)	12,713	28,265	(12,487)	15,778
Cultural & Related Services		13,147	(4,817)	8,330	14,268	(6,388)	7,880
Planning Services		8,531	(4,843)	3,688	13,354	(10,078)	3,276
Environmental Services		23,440	(6,988)	16,452	28,288	(9,535)	18,753
Other Central, Corporate & Democratic Services		16,627	(9,237)	7,390	16,771	(4,649)	12,122
Council Tax Reduction Scheme		9,672	(152)	9,520	9,506	-	9,506
Court Services		398	(101)	297	412	(107)	305
Second Home Council Tax		743	-	743	962	-	962
(Surplus)/Deficit on Continuing Operations		357,855	(170,812)	187,043	407,523	(185,762)	221,761
Other Operating Expenditure							
Precepts & Levies	10.2			25,010			26,214
Gains & Losses on Disposal of Non-Current Assets				(20)			(604)
Financing & Investment Income and Expenditure							
Interest Payable				10,353			9,600
Interest & Investment Income				(247)			(219)
Net Pensions Interest	10.4.1			5,789			5,404
Investment Property				-			-
Taxation & Non-Specific Grant Income							
Revenue Support Grant (inc Special Grant)	10.1.1			(132,584)			(139,576)
NNDR Pool Share				(39,620)			(42,233)
Local Taxpayers	10.1.3			(80,264)			(84,563)
Second Home Premium	10.1.3			(2,625)			(2,878)
Long Term Empty Properties				(312)			(459)
General Capital Grants & Contributions	10.1.5			(38,534)			(57,105)
(Surplus) or Deficit on Provision of Services				(66,011)			(64,658)
Other Comprehensive Income & Expenditure							
(Surplus)/Deficit on revaluation of non-current assets	12.13.2			(24,959)			(105,380)
Remeasurements of Pensions Liabilities & Assets	12.13.6			(5,040)			(58,052)
Write Down of Deferred Liabilities				-			1,933
Total Other Comprehensive Income & Expenditure				(29,999)			(161,499)
Total Comprehensive Income & Expenditure				(96,010)			(226,157)

* Includes prior year recategorisation



7.2.5 EXCEPTIONAL ITEMS

There were no exceptional items of income or expenditure in 2021-22.

7.3 MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Council, analysed between usable (those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The unusable reserves include reserves that hold unrealised gains and losses that are only realised when assets are sold and reserves that hold accounting differences needed to reconcile the differences between reporting on the IFRS accounting basis and the statutory funding basis.

The (Surplus)/Deficit on the provision of services reflects the economic cost of providing the Council's services, more details of which are provided in the Comprehensive Income and Expenditure Statement. This is different from the "taxation position" (amounts determined when setting council tax and housing rents) charged to the General Fund Balance and Housing Revenue Account which is shown by the Net Increase/Decrease before Transfers to Earmarked Reserves line.

Actuals 2021-22	General Fund Working Balance	Earm'd General Fund Reserves	HRA Working Balance	Earm'd HRA Reserves	Capital Receipts & Grants Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance 1 April 2021	(7,000)	(55,640)	(752)	(10,621)	(11,867)	(85,880)	(309,231)	(395,111)
(Surplus) / Deficit On Provision of Services	(26,157)	-	(38,501)	-	-	(64,658)	-	(64,658)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(161,499)	(161,499)
Total Comprehensive Income & Expenditure (see 7.2.4)	(26,157)	-	(38,501)	-	-	(64,658)	(161,499)	(226,157)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see 11.1)	5,888	-	33,754	-	(1,425)	38,217	(38,217)	-
Net (Increase) & Decrease Before Transfers (To) / From Reserves	(20,269)	-	(4,747)	-	(1,425)	(26,441)	(199,716)	(226,157)
Transfers (To)/ From Reserves	19,269	(20,937)	4,747	(3,065)	-	14	(14)	-
(Increase) / Decrease In Year	(1,000)	(20,937)	-	(3,065)	(1,425)	(26,427)	(199,730)	(226,157)
Balance 31 March 2022 (see 11.2.1 & 11.2.2)	(8,000)	(76,577)	(752)	(13,686)	(13,292)	(112,307)	(508,961)	(621,268)



Actuals 2020-21	General Fund Working Balance £000	Earm'd General Fund Reserves £000	HRA Working Balance £000	Earm'd HRA Reserves £000	Capital Receipts & Grants Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance 1 April 2020	(7,000)	(38,746)	(752)	(5,597)	(11,984)	(64,079)	(235,022)	(299,101)
(Surplus) / Deficit On Provision of Services	(20,503)	-	(45,508)	-	-	(66,011)	-	(66,011)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(29,999)	(29,999)
Total Comprehensive Income & Expenditure (see 7.2.4)	(20,503)	-	(45,508)	-	-	(66,011)	(29,999)	(96,010)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see 11.1)	3,931	-	39,974	-	117	44,022	(44,022)	-
Net (Increase) & Decrease Before Transfers (To) / From Reserves	(16,572)	-	(5,534)	-	117	(21,989)	(74,021)	(96,010)
Transfers (To)/ From Reserves	16,572	(16,894)	5,534	(5,024)	-	188	(188)	-
(Increase) / Decrease In Year	-	(16,894)	-	(5,024)	117	(21,801)	(74,209)	(96,010)
Balance 31 March 2021 (see 11.2.1 & 11.2.2)	(7,000)	(55,640)	(752)	(10,621)	(11,867)	(85,880)	(309,231)	(395,111)



7.4 BALANCE SHEET

This Statement shows the value at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by:

- Usable reserves comprising of the working balances and earmarked reserves.
- Unusable reserves comprising of reserves holding unrealised gains and losses, where amounts would only become available to provide services if assets are sold; and reserves facilitating the adjustments required between accounting basis used to prepare the Statement of Accounts and the statutory funding basis under regulation used to set council tax and housing rents

Balance Sheet As At 31 March	Note	2020-21		2021-22	
		£000	£000	£000	£000
Non-Current Assets:					
Property, Plant & Equipment	12.1				
Council Housing Property	12.1.1.3	244,844		297,740	
Other Land & Buildings	12.1.1.3	401,776		488,922	
Infrastructure	12.1.1.3	125,406		131,773	
Vehicles/Plant/Equipment	12.1.1.3	16,838		16,764	
Heritage Assets	12.1.1.6	528		847	
Community Assets	12.1.1.3	577		527	
Assets Under Construction	12.1.1.3	10,672		38,735	
Surplus Assets		2,248		2,713	
Fixed Assets			802,889		978,021
Intangible Assets	12.1.3		39		100
Long Term Debtors*	12.6.1		5,168		4,700
Total Long Term Assets			808,096		982,821
Current Assets:					
Short Term Investments	12.5	49,049		73,584	
Inventories & Works in Progress	12.4	1,426		1,487	
Short-term Debtors and Prepayments	12.6.1	66,136		80,146	
Cash & Cash Equivalents	12.7	7,124		1,000	
Assets Held For Sale	12.8	350		-	
Total Current Assets			124,085		156,217
Total Assets			932,181		1,139,038
Current Liabilities:					
Other Short-term Borrowing	12.6.2	(2,771)		(2,241)	
Short-term Creditors	12.6.2	(44,590)		(52,145)	
Revenue Grants Receipts in Advance	12.6.3	(3,269)		(3,277)	
Capital Grants Receipts in Advance	12.6.3	(13,572)		(19,103)	
Provisions	12.9.1	(2,446)		(2,418)	
Total Current Liabilities			(66,648)		(79,184)
Total Assets Less Current Liabilities			865,533		1,059,854
Long Term Borrowing	12.10.1	(203,595)		(203,301)	
Deferred Liabilities*	12.11	(1,763)		(1,371)	
Net Pension Fund Liability	12.13.6	(265,064)		(233,914)	
Total Long Term Liabilities			(470,422)		(438,586)
Net Assets			395,111		621,268
Usable Reserves					
- General Fund Working Balance	11.2.1		7,000		8,000
- HRA Working balance	11.2.1		752		752
- Earmarked Reserves and Capital Receipts	11.2.1 & 11.2.2		78,128		103,555
Unusable Reserves	12.13		309,231		508,961
Total Reserves			395,111		621,268

* Prior year adjustment



7.5 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period, showing how the Council generates and uses cash and cash equivalents by classifying cash flows into operating, investing and financing activities.

The amount of net cash flows arising from net operating activities is a key indicator of the extent to which operations 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 flows have arisen from resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

The notes to the Cash Flow are detailed below:

Movement In Cash Balances	As At 31 March		Movement In Year £000
	2021 £000	2022 £000	
Cash At Bank/(Overdrawn)	-	-	-
Cash Equivalent	9,032	218	(8,814)
Cash At Bank / In Hand	(1,908)	782	2,690
	7,124	1,000	(6,124)

The cash flows for operating activities include the following items:	2020-21 £000	2021-22 £000
Interest Paid	10,525	9,731
Interest Received	(253)	(144)



Cash Flow Statement	2020-21		2021-22	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow Net (Surplus)/Deficit on the provision of services		(66,011)		(64,658)
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Depreciation	(21,097)		(25,907)	
Impairment & revaluations	32,653		23,754	
Pension fund adjustments	(18,866)		(26,902)	
Other non cash financial instrument adjustments	(1)		97	
Contributions to provisions	(462)		28	
Carrying amount of non-current assets sold	(1,320)		(833)	
Movements in revenue debtors, creditors, stocks etc.	(2,783)		(3,190)	
		(11,876)		(32,953)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities				
Proceeds from sale of property, plant and equipment, investment property and intangible assets	1,404		1,489	
Capital Grants	38,534		57,105	
		39,938		58,594
Net Cash Flow from Operating Activities		(37,949)		(39,017)
Investing Activities				
Purchase of property, plant & equipment, investment property & intangible assets	45,847		70,078	
Purchase of short term & long term investments	554,677		395,787	
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	(1,404)		(1,489)	
Proceeds from short term & long term investments	(544,840)		(371,283)	
Capital grants received	(31,474)		(54,468)	
Net Cash Flow From Investing Activities		22,806		38,625
Financing Activities				
Cash receipts of short-term & long-term borrowing	(295)		(1,000)	
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	315		5,824	
Repayments of short-term & long-term borrowing	8,456		1,692	
Net cash flow from financing activities		8,476		6,516
Net (Increase)/Decrease In Cash & Cash Equivalents		(6,667)		6,124
Cash & cash equivalents at the beginning of reporting period	(457)		(7,124)	
Cash & cash equivalents at the end of reporting period	7,124		1,000	
Increase/(Decrease) In Cash & Cash Equivalents		6,667		(6,124)





8.0 ACCOUNTING POLICIES

Pembrokeshire County Council – Statement of Accounts 2021-22



8.0 ACCOUNTING POLICIES

The accounting policies used to prepare the Core Accounting Statements and the following Supporting Notes and Supplementary Financial Statements have been reviewed using the 2021-22 Code of Practice on Local Authority Accounting.

8.1 GENERAL PRINCIPLES

The objective of the accounting policies adopted shall be to ensure that the Statement of Accounts provides a “true and fair” view of the financial position of the Council.

The accounts shall be prepared in accordance with the latest Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (the Code) and adhere to the relevant Financial Reporting Standards and Practices, unless otherwise stated.

Figures shall be included in the Financial Statements using the cost convention specified by the appropriate accounting standard.

The accounting policies shall be revised as required from those of the previous year to reflect changes in reporting requirement with any such changes being disclosed.

8.2 INCOME AND EXPENDITURE ACCRUALS

8.2.1 EMPLOYEE COSTS

Salaries and wages shall be charged against the periods to which they relate and if necessary estimated accruals made using previous pay periods as a basis. An adjustment shall be made in the Comprehensive Income & Expenditure Account to take account of accrued leave entitlement.

8.2.2 SUPPLIES AND SERVICES ETC.

The Council operates a system of accruals and converted payments. Creditors will be accrued by the end of a predetermined period of the following year and by the inclusion of estimates for significant items remaining outstanding at this time based on quotations or past costs. An exception to this principle relates to electricity and similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy shall be consistently applied each year and therefore does not have a material effect on any year's accounts.

8.2.3 SUPPORT SERVICES

The following bases shall generally be used for charging costs to service revenue accounts:

- Costs of support services shall be charged to services on the basis of estimated time spent or most appropriate basis.
- Costs associated with office accommodation shall be allocated on the basis of occupation.
- Other costs shall be allocated on the basis of gross current expenditure if there is no more objective basis available.
- The cost allocations to services shall only be reviewed when there has been a significant restructuring of service provision.

8.2.4 PRECEPTS AND LEVIES

All precepts and levies shall form part of the Council's Surplus/Deficit on the Provision of Services and reported in the Comprehensive Income and Expenditure Statement.



8.2.5 INCOME

All income due to the Council shall be accounted for at the due date and recognised at fair value. Council Tax Income shall be brought into account on the basis of entries in the Valuation List.

The Authority's share of National Non-Domestic Rates (NNDR) Pool reported in the Comprehensive Income and Expenditure Statement is that notified by the Welsh Government. The amount of NNDR collected on behalf of the Welsh Government shall not form part of the Council's income and associated debtors and creditors on the Balance Sheet. All associated entries are consolidated into an NNDR pool account.

8.2.6 INTEREST PAYABLE

Interest on borrowing shall be accrued and accounted for in the Comprehensive Income and Expenditure Statement in the appropriate year when the economic effect is reflected in the accounts except to the extent that it is capitalised under accounting policy 8.16.

Any effective interest rate adjustment made in respect of market loans (see accounting policy 8.10.2) shall be charged to the Comprehensive Income and Expenditure Statement, but not being a proper charge to the Council Fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

8.2.7 INTEREST RECEIVABLE

The following principles shall apply to interest receivable:

Interest received on surplus funds invested externally shall be credited to the Comprehensive Income and Expenditure Statement from where appropriations shall be made to:

- Housing Revenue Account in accordance with the rate prescribed in regulation.
- Schools Delegated Fund balances in accordance with the Council's Scheme for the Local Management of Schools
- Earmarked reserves if it is deemed appropriate.

8.2.8 GENERAL DEBTORS

Debtors shall be recognised in the Balance Sheet and measured at fair value of the amount receivable when revenue has been recognised. In the majority of cases fair value will equate to the cash value but in the case of long term debtors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income and Expenditure Statement but not being a proper charge to the Council Fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

Where revenue has been recognised but cash has not been received, a debtor 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.

Grant income agreed in principle will not be accrued until grant acceptance has been approved.

8.2.9 GENERAL CREDITORS

Creditors shall be recognised in the Balance Sheet and measured at fair value of the amount payable when goods have been delivered or services rendered. In the majority of cases fair value will equate to the cash value but in the case of long term creditors the value shall be discounted by the appropriate rate to reflect fair value. The adjustment shall be made in the Comprehensive Income



and Expenditure Statement but not being a proper charge to the Council Fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

8.3 ACQUIRED & DISCONTINUED OPERATIONS

Income & expenditure in relation to material acquired and discontinued operations shall be shown separately on the face of the Comprehensive Income and Expenditure Statement. Any liabilities shall be identified in notes to the Balance Sheet.

8.4 CASH & CASH EQUIVALENTS

Represented by funds that are held to meet short-term cash commitments, rather than invested for other purposes, and that are readily convertible to known amounts of cash. The amount of cash and cash equivalents so defined shall be determined by reference to the daily cash flow forecasts.

8.5 GOING CONCERN, EXCEPTIONAL, EXTRAORDINARY ITEMS, PRIOR YEAR ADJUSTMENTS

The Financial Statements shall be prepared on a going concern basis unless there is an intention by government that the services will no longer be provided.

Extraordinary items – No items of income or expenditure will be treated as extraordinary. All items will therefore be accommodated within one of the specified lines of the Surplus or Deficit on the Provision of Services or the Other Comprehensive Income and Expenditure.

Exceptional Items – where items of income and expenditure are material, their nature and amount will be disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts

Unless otherwise sanctioned by the Code, material prior period adjustments shall result in a restatement of prior year figures and disclosure of the effect.

8.6 EVENTS AFTER THE REPORTING PERIOD

Material events occurring after the end of the reporting period shall, if applicable at the Balance Sheet date, amend the Statement of Accounts. Other events will be disclosed with an estimate of the likely financial effect. If amended after being issued prior to the conclusion of audit the Responsible Financial Officer shall re-certify the revised Statement of Accounts as replacing that previously issued. Materiality shall be defined as the amount estimated by the Audit Wales in any one year, being 1% of gross expenditure and items considered to be sensitive by their nature.

8.7 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

8.7.1 GAINS ON REVALUATION

For the purposes of calculating gains and losses the current value of individual assets at the 31 March 2007 shall equal the historic cost. In the majority of cases gains on revaluation shall be credited to the Revaluation Reserve except where a previous impairment has been charged to the Comprehensive Income and Expenditure Statement.

In these circumstances the gain shall be credited to the Comprehensive Income and Expenditure Statement and applied to the balance of the related loss recorded in the Capital Adjustment Account. Any remaining unapplied gain shall be credited to the Revaluation Reserve.



8.7.2 REVALUATION LOSSES AND IMPAIRMENT

Assets are assessed annually for indications of impairment and if there are indications, and the difference in carrying value is material, an impairment loss is recognised (in line with paragraph below).

Losses arising from revaluations and impairments that cannot be absorbed by accumulated revaluation gains are charged to services. Not being a proper charge to the Council Fund this shall be reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

8.7.3 DEPRECIATION

With the exception of Investment Properties and Heritage Assets which have indefinite lives, and Assets Under Construction which are not in operational use, depreciation shall be provided for on all non-current assets with a finite useful life and, where material, separate components of the asset shall be identified for depreciation purposes.

The net discounted value of Council Housing shall be apportioned between land and buildings before depreciation is calculated.

The straight-line method shall be used to estimate depreciation which shall be charged from the date when the asset becomes available for use to the appropriate service in the Comprehensive Income and Expenditure Statement. Not being a proper charge to the Council Fund this shall be reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

8.8 EMPLOYEE COSTS & BENEFITS

8.8.1 BENEFITS DURING EMPLOYMENT

Normal remuneration costs shall be charged as an expense in the period to which they relate.

A year end accrual shall be made in the Comprehensive Income and Expenditure Statement of any material costs arising from holiday entitlement not taken. However, not being a charge for taxation purposes shall be reversed out in the Movement in Reserves Statement.

8.8.2 TERMINATION BENEFITS

Termination benefits shall be charged in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of employment.

8.8.3 PENSION COSTS

8.8.3.1 DYFED PENSION FUND

The accounting policies applying to the Fund shall be determined by the Administering Authority, Carmarthenshire County Council, who keep the accounts of the Fund and arrange for actuarial information to be provided to participating Authorities.

Pembrokeshire County Council, as an employing Authority, shall include the current service costs of pensions as calculated by the Fund's actuary in the cost of services in accordance with the requirements of Financial Reporting Standard IAS19 as this is accounted for as defined benefit scheme.

These charges shall be reversed out in the Movement in Reserves Statement and the actual contributions paid to the Fund included to ensure that the correct cost is charged to the council taxpayer. Pension costs shall be included within the Housing Revenue Account as far as can be reliably determined to reflect the requirements of IAS19.



Assets and liabilities pertaining to the Council shall be disclosed on the Balance Sheet.

8.8.3.2 TEACHERS' PENSIONS SCHEME

In the case of teachers, pensions are “unfunded” and are met from annual contributions, therefore no liability for future benefits shall be recognised in the Council’s Balance Sheet. The scheme is accounted for as a defined contribution scheme and the Council’s contributions payable are charged to the Consolidated Income and Expenditure Statement.

8.9 STOCKS AND WORKS IN PROGRESS

Stocks held in the Council’s stores shall be valued at the lower of cost and net realisable value. Works in progress, where the Council is the contractor, shall be valued at fair value of the contract sum receivable.

8.10 FINANCIAL INSTRUMENTS

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Authority adopted IFRS 9 Financial Instruments with effect from 1 April 2018. There were 3 key changes:

- **Re-measurement of modified loans**

The Council amortise the cost of premium and discounts associated with debt rescheduling using the statutory override with any unamortised sums shown in the statutory override account (FIAA). This treatment has been reviewed as part of the adoption of IFRS 9. The Council have used proper accounting treatment and as a result there is no need to change treatment on transition to IFRS 9 Financial Instruments.

- **Impairment of Financial Assets**

Impairment losses are calculated to reflect the expectation that cashflows might not take place because the borrower could default on their obligations. This is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

The Authority has adopted a simple approach to impairment in accordance with The Code and measures the loss for Trade Debtors at an amount equal to expected lifetime loss using a provision based on a combination of age of debt and historic collection rates. This method ensures early recognition of the impairment of financial asset.

Loans to Third Party have been carefully reviewed under the new expected credit loss model to ensure any credit loss is recognised early. When considering historic, current and forward looking information there is no requirement to recognise any credit loss.

There has been no change as a result of the implementation of IFRS 9.

- **Classification of Financial Instruments**

The classification of Financial Assets are now determined by both their characteristics and the business model under which they were acquired.

There are 3 Models:

a) Amortised Cost

The financial asset is held within a business model whose objective is to hold financial assets in order “to collect contractual cash flows”. Cash flows are solely payments of principal and interest.



b) Fair Value Through Other Comprehensive Income

The financial asset is held within a business model whose objective is achieved by both “collecting contractual cash flows and selling financial assets”

c) Fair Value Through Profit and Loss

All other combinations of business model and contractual cash flows.

Financial Instruments	Amortised Cost	Fair Value (CI)	Fair Value (P&L)
Financial Assets			
Short Term Investments	✓		
Bank Call/Cash Equivalent	✓		
Debtors			✓
Financial Liabilities			
Short Term Borrowing	✓		
Long Term Borrowing	✓		

After review there is no need to change treatment on transition to IFRS 9.

8.10.1 FINANCIAL LIABILITIES

8.10.1.1 RECOGNITION & MEASUREMENT

Borrowing shall be recognised when the cash is received from the lender and shall be measured initially at fair value, being the estimated cost of redeeming the debt.

The Council's debt portfolio shall generally be classified and reported in the Balance Sheet as a financial liability held at amortised cost. In practice this means that the debt the Council has raised from the Public Works Loans Board shall be reported as the principal repayable plus the accrued interest at the Balance Sheet date. For market loans the amortised value shall be estimated by adjusting their maturity value to take account of accrued interest plus an adjustment (effective interest rate adjustment) to smooth out the effect of any stepped interest or premium payments due over the life of the loans. The adjustment shall be made via the Comprehensive Income and Expenditure Statement, not being funded from revenue resources the amount shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

In the case of Lender Option Borrower Option (LOBO) loans it shall be assumed the loan will run for its full contractual period when calculating the adjustment, unless notification has been received from the lender that the loan will be recalled at an earlier date.

The debt portfolio, measured at fair value, shall be reported in a note to the Balance Sheet showing the movements in the year.

Any interest free loans or loans taken out at below market rates shall be reported in accordance with the accounting policy 8.10.2.

8.10.1.2 DERECOGNITION, EARLY REDEMPTION GAINS AND LOSSES

Where a loan is redeemed and or replaced / substantially modified, the liability shall be treated as extinguished and the loan removed from the Balance Sheet. Any gains and losses on the repayment or early settlement of borrowing shall be credited and debited to the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement.



However, regulations allow the impact on the Council Fund Balance to be spread over future years. The gain/loss shall be spread over the periods specified in the regulations. The reconciliation of amounts charged to Comprehensive Income and Expenditure Statement to the net charge required by regulation against the Council Fund Balance shall be managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where repayment has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments that is not substantial, the premium or discount shall be respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement shall be spread over the life of the modified loan by an adjustment to the effective interest rate.

Substantially modified shall be defined as where the present value of the net cash flow (including premiums and discounts) of the new arrangement is at least 10% different from the discounted present value of the remaining cash flows under the original arrangement.

Appropriate adjustments arising from debt redemption shall be made in the Housing Revenue Account Statements in accordance with the relevant statutory determination.

8.10.2 SOFT LOANS

8.10.2.1 ADVANCES

Where the Council advances loans that are interest free or at below market rates, the loan shall be recorded initially at fair value in the accounts by discounting the future cash receipts using a prevailing market rate and charging the difference between the cash advanced and its market value (interest loss) to the Comprehensive Income and Expenditure Statement.

The market interest due in each year shall be calculated on the discounted balance using the market rate and credited to the Comprehensive Income and Expenditure Statement.

Both the interest gain and the market interest, or difference between market and contractual interest, not being proper charges to the Council Fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

8.10.2.2 BORROWING

Where the Council borrows money at nil interest or at below market rates, the loan shall be recorded initially at fair value in the accounts by discounting the future cash repayments using a prevailing market rate and crediting the difference between the loan and its market value (interest gain) to the Comprehensive Income and Expenditure Statement.

The market interest due shall be calculated each year on the outstanding discounted balance using the market rate and charged to the Comprehensive Income and Expenditure Statement.

Both the discount and the market interest, or difference between market and contractual interest, not being proper charges to the Council Fund shall be reversed in the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

8.10.3 INVESTMENTS

8.10.3.1 RECOGNITION & MEASUREMENT

An investment shall be recognised when the counterparty with whom the cash is to be placed is contractually entitled to the asset and shall be measured initially at fair value, being the estimate of the amount receivable if the investment was realised. The investment portfolio, measured at fair value, shall be reported in a note to the Balance Sheet showing the movements in the year.



The Council's investment portfolio shall generally be classified as loans and receivables valued at amortised cost. In practice this means that the investments the Council has with its approved counterparties shall be reported at amortised value by adjusting the principal sums invested to allow for the equalisation of the return over the life of the investment. The adjustment shall be made via the Movement in Reserves Statement to the Financial Instrument Adjustment Account.

Any available for sale investments shall be reported at fair value in accordance with IFRS13.

8.10.3.2 DERECOGNITION, GAINS AND LOSSES

Where an investment is realised the asset shall be removed from the Balance Sheet. The Council's approved types of investment do not allow for any market gain or loss. In the unlikely event of loss arising from failure of a counterparty, provision shall be made in the Comprehensive Income and Expenditure Statement as allowed for by regulation.

8.10.4 BASIS OF CHARGES MADE FOR REPAYING DEBT

The Comprehensive Income and Expenditure Statements for the Council Fund and HRA shall be charged with the minimum amount (MRP) judged to be prudent in accordance with statutory guidance and as set out in the Annual Minimum Revenue Provision Policy approved by Council.

Year	Additional Voluntary MRP £'000	Cumulative Additional Voluntary MRP £'000
2021-22	-	1,633

8.10.5 FINANCIAL LOAN GUARANTEE CONTRACTS

8.10.5.1 RECOGNITION

Guarantees relating to the ability of another party to repay a debt shall be recognised at fair value by charging the Comprehensive Income and Expenditure Statement and establishing a Financial Liability Reserve.

8.10.5.2 MEASUREMENT

If no premium is charged to the party seeking the guarantee, the amount shall be estimated by considering the probability of the guarantee being called. Any amount guaranteed is reassessed and/or amortised every year to reflect changing circumstances.

8.11 DEFERRED LIABILITIES

Liabilities which by arrangement are payable at some future date by an annual sum over a period of time shall be shown separately and classified as long-term liabilities in the Balance Sheet.

8.12 FOREIGN CURRENCY TRANSLATION

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.



8.13 GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

8.13.1 GENERAL

Government grants and other contributions shall be accounted for on an accruals basis and when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

8.13.2 REVENUE GRANTS AND CONTRIBUTIONS

Where a revenue grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant or contribution shall be recognised as a receipt in advance. When the grant conditions are met it shall be recognised in Comprehensive Income and Expenditure Statement as income and be matched in the service revenue accounts with the expenditure to which it relates.

General grants and contributions, e.g. Revenue Support Grant, NNDR redistribution shall be disclosed as one or more items on the face of the Comprehensive Income and Expenditure Statement.

8.13.3 GRANTS AND CONTRIBUTIONS FOR CAPITAL PURPOSES

Where a capital grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date the grant or contribution shall be recognised as part of the Capital Grants Receipts in Advance. When the conditions have been met, the grant or contribution will be transferred from the Capital Grants Receipts in Advance and recognised as income in the Comprehensive Income and Expenditure Statement as non-specific grant income.

Grants and contributions funding capital expenditure and Donated Assets that have been credited to the Comprehensive Income and Expenditure Statement are not proper income to the General Fund or Housing Revenue Account and shall account for these amounts as follows:

- If the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.
- Where the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Account (within the usable reserves section of the Balance Sheet), reflecting its status as a capital resource available to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement. At a future date, when the expenditure is incurred, the grant or contribution (or part thereof) shall be transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

8.13.4 REPAYMENT

In the event of repayment this shall first be applied to any receipt or contribution received in advance. To the extent that the repayment exceeds any such receipt in advance, or where no receipt in advance exists, the repayment shall be recognised within the Comprehensive Income and Expenditure Statement as an expense. The repayment of a capital grant shall be transferred from the Council Fund (or Housing Revenue Account) to the Capital Adjustment Account. This transfer shall be reported in the Movement in Reserves Statement.



8.14 NON-CURRENT ASSETS

8.14.1 RECOGNITION

All expenditure on the acquisition, creation or enhancements of non-current assets shall be capitalised in the accounts provided that the non-current asset will yield future economic benefits to the Authority and the services it provides endures for a period of more than one year and can be reliably measured. These costs shall include subsequent expenditure that enhances, replaces (part or whole) or services the asset.

The cost of day to day non-structural repairs and maintenance works associated with operating the fixed assets shall be charged directly to service revenue accounts.

The land and buildings components of non-current assets shall be accounted for separately. Assets shall be recognised on a component basis where:

- An individual component is material to the cost and/or operation of that asset and
- That component has an estimated useful life that is materially different to that of the other component parts of the asset.

Where components are replaced or restored, the existing carrying amounts in the Balance Sheet shall be derecognised before the new component is recognised.

8.14.2 CLASSIFICATION

Property, Plant and Equipment covers all assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

Investment Property held solely to earn rentals or for capital appreciation purposes or both, shall be classified as Investment Property.

Heritage Assets held and maintained principally for its contribution to knowledge and culture, preserved in trust for future generations.

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, ie there is no prospect of sale or alternative use; examples include highways, structural maintenance of highways, footpaths, bridges, permanent ways, coastal defences, water supply and drainage systems).

8.14.3 INITIAL VALUATION

Non-current Asset Values shall be recognised initially at cost recognising all expenditure on an accruals basis that is directly attributable to bringing the asset into its intended use (normally RIBA stage 3 onwards).

Where no conditions relating to the asset remain to be fulfilled for Donated Assets or Assets Exchanged for Non-monetary Consideration, the fair value of the asset shall be recognised in the Balance Sheet and in the Comprehensive Income and Expenditure Statement. The latter being transferred to the Capital Adjustment Account via the Movement in Reserves Statement. Where conditions attach to a donated asset the asset shall be recognised in the Balance Sheet and in the Donated Assets Account until such time as the conditions are fulfilled.

Heritage Assets shall be valued at cost or value, obtained by an appropriate method, if available.



8.14.4 SUBSEQUENT VALUATION

Measurement after recognition shall be on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS):

- Property shall be included in the Balance Sheet at current value defined as the lower of net realisable value in its existing use or, in the absence of an active market, because of the specialised nature of the asset, depreciated replacement cost.
- Plant and Equipment shall be carried at historic cost as a proxy for current value.
- Council Housing shall be included in the Balance Sheet at current value for the existing use of social housing which shall be derived by discounting the market value by a factor reflecting the difference between commercial and social rents.
- Surplus assets shall be included in the Balance sheet at fair value, defined as the amount that would be paid for the asset in its highest and best use less cost of sale in line with IFRS13 requirements.
- Infrastructure, community assets, and assets under construction for operational use, shall be included in the Balance Sheet at historical cost net of depreciation where appropriate.
- CIPFA have provided an update to the Code and specifications for future Codes for Infrastructure Assets (the Update November 2022) provides amended specifications on the disclosure on gross cost and accumulated depreciation for infrastructure assets. The Update allows local authorities temporary relief from disclosing gross cost and accumulated depreciation until 31 March 2025.
- Any assets acquired for non-cash consideration shall be included in the Balance Sheet at current value.
- Heritage Assets shall be generally be valued at historic cost or by using their insurance value as a proxy for current value.
- Revaluation shall not occur at the point of disposal.

Valuation shall be undertaken within a 5-year period on a rolling basis with changes to values being made in the year they arise, the effective date being 31 March. Material changes in the pattern of economic consumption occurring to any major asset or asset group in any one year shall be recognised in that year.

The assets shall be valued by the Council's appointed valuer, Mrs H McLeod–Baikie, who is suitably qualified.

8.14.5 ASSET LIVES

The remaining useful asset lives, estimated on a component basis if deemed appropriate, shall reflect the period of an assets remaining expected use to the Authority and shall be determined taking into account the expected use, physical wear and tear, age, obsolescence, type of construction, condition, repair and enhancement, and legal or similar limits on the use of an asset (e.g. expiry of leases).

Estimates of remaining useful lives shall be made annually, if deemed appropriate, and each time the asset is revalued.



8.14.6 DE MINIMIS EXPENDITURE

Expenditure greater than £10,000 or expenditure on assets with a useful life exceeding 12 months shall be capitalised.

8.15 INTANGIBLE ASSETS

Generally expenditure on externally purchased intangibles and internally developed intangible assets shall be charged in the year in which it is incurred to the relevant service heading in the Comprehensive Income and Expenditure Statement. However, if in the case of internally developed assets there is evidence that a ready market exists, and in both instances an estimated finite useful life can be ascertained, the asset shall be reported at current value and may be written out over a period consistent with the consumption of economic benefits; the appropriateness of the period of amortisation shall be reviewed each year.

8.15.1 RESEARCH & DEVELOPMENT

Expenditure on research and development shall be regarded as part of continuing operations and normally written off as incurred.

8.16 CAPITALISATION OF BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction and commissioning of an asset taking over 12 months to be ready for its intended use may be capitalised. Other than borrowing specifically earmarked for a project, the relevant borrowing costs shall be ascertained by calculating a capitalisation rate, being the weighted average of the associated borrowing costs that are outstanding for the period in question.

Any borrowing costs that are capitalised in respect of any year shall be separately disclosed.

8.17 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Payments that under legislation are funded from capital resources but where no fixed assets are created shall be charged to the appropriate service in the Comprehensive Income and Expenditure Statement. Not being funded from revenue resources the amount shall be reversed in the Movement in Reserves Statement with an equal amount charged to the Capital Adjustment Account.

8.18 ASSETS HELD FOR SALE

Assets which meet all the following criteria shall be shown as current assets in the Balance Sheet:

- The asset (or disposal group) is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).
- The sale is highly probable; the appropriate level of management being committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan has been initiated.
- The asset (or disposal group) is being actively marketed for a sale at a price that is reasonable in relation to its fair value.
- The sale is expected to qualify for recognition as a completed sale within one year of the date of classification and the action required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If the above criteria are not met the asset shall continue to be accounted for in the appropriate non-current asset category.



8.19 ASSET DISPOSALS

Disposal proceeds and the carrying value shall be recorded in Comprehensive Income and Expenditure Statement, but not being a proper charge to the Council Fund shall be reversed to the Capital Receipts Reserve and the Capital Adjustment Account respectively. Any balance on the Revaluation Reserve in respect of the asset disposed of shall be written off directly to the Capital Adjustment Account.

In the case of Donated Assets any balance on the Donated Assets Account shall be recognised as a deficit or surplus in the Comprehensive Income and Expenditure Statement as Other Operating Expenditure. As it is not being funded from revenue resources or revenue income, the amount shall be reversed in the Movement in Reserves Statement with an equal amount charged to the Capital Adjustment Account.

The receipts from the disposal of Council Housing assets shall be set aside as a provision for HRA debt repayment in the Capital Adjustment Account. Monies received from the sale of council houses shall only be applied for Housing Revenue Account functions.

Interest earned on the investment of capital receipts in hand shall be credited to the Council Fund.

Receipts under £10,000 and miscellaneous receipts not related to disposal of assets cannot be treated as capital items and shall be credited to the Comprehensive Income and Expenditure Statement and appropriated to the Capital Receipts Reserve in the Movement in Reserves Statement.

8.20 LEASES AND LEASE-TYPE ARRANGEMENTS

8.20.1 RECOGNITION AND CLASSIFICATION

Leases and similar financial arrangements shall be classified as either finance leases or operating leases. Finance leases are defined as arrangements whereby all risks and rewards incidental to ownership transfer substantially to the lessee but title may or may not eventually transfer. Operating leases shall be defined as all other lease type arrangements.

In considering property leases, land and buildings shall be considered separately for classification purposes, with land with an infinite life generally being recognised as an operating lease.

8.20.2 ACQUISITIONS (COUNCIL AS LESSEE)

Finance Leases - shall be recorded in the Balance Sheet as assets and equal liabilities in the appropriate category at fair value of the property or, if lower, the present value of the minimum lease payments – the discount rate applied being that implicit in the lease. Subsequently assets are subject to revaluation and depreciation in accordance with Accounting Policy 8.14.

The outstanding capital obligation shall be reduced by the capital element of the rental charge. An amount equal to the annual capital repayment shall be included in the minimum revenue provision set aside from revenue account each year.

The finance charge shall be charged to the service revenue account on a constant basis over the term of the lease.

Operating Leases - the whole of the rental payable under operating leases shall be charged to the appropriate service revenue account on a straight line basis over the term of the lease.



8.20.3 DISPOSALS (COUNCIL AS LESSOR)

Finance Leases – assets disposed under finance leases shall be written out of the Balance Sheet and an amount recognised in the Balance Sheet as a receivable debtors that reflects the net investment in the lease as defined by the appropriate accounting standard.

The capital element of any rental due under a finance lease shall be accounted for as a capital receipt, the debtor and the equivalent liability being written down by that amount. The finance element shall be treated as revenue income.

Operating Leases – assets rented out under operating leases shall be shown in the appropriate Balance Sheet category and depreciated in accordance with normal accounting policy.

Income due under operating leases shall be treated as revenue income and recognised on a straight line basis over the term of the lease.

8.20.4 SALE AND LEASEBACK ARRANGEMENTS

If an asset is sold and leased back the following policy shall apply:

- If the leaseback arrangement is classified as a finance lease, the transaction cannot be regarded as a true disposal, and any excess of sale proceeds over the carrying amount of the asset shall be amortised over the lease term on the basis that the lessor is providing finance to the Council.
- If the leaseback arrangement is classified as an operating lease, and both transactions are at fair value any excess of sale proceeds over an asset valued at fair value shall be recognised as income in the year of disposal. If the sale price is above fair value, any excess of sale proceeds over the carrying amount of the asset shall be amortised over the lease term. If the sale price is below fair value, any loss shall be recognised immediately.

8.20.5 ARRANGEMENTS CONTAINING A LEASE

Arrangements, other than those specifically made under the Private Finance Initiative or Public Private Partnership arrangements, which convey a right to use an asset shall be assessed as to whether they contain an inherent lease arrangement against the criteria of the asset needing to be used to fulfil the terms of the arrangement and the arrangement conveys the right to use that asset.

If an arrangement is judged to contain a lease then the above policies for leases shall apply.

8.21 PRIVATE FINANCE INITIATIVE SCHEMES

In respect of the PFI scheme entered into during 2000-01, where the assets are deemed to be under the control of the Council, they shall be recognised on the Balance Sheet under the appropriate asset category and impaired and depreciated in accordance with the policy set out in policy 8.14 above. A related capital liability shall be recognised at the same time which shall be reduced by the capital element of the charge paid to the PFI operator. This sum shall be used as a proxy for depreciating the asset and an equal amount shall be included in the minimum revenue provision set aside from the service revenue account each year.

The finance element due to the operator shall be derived from the interest rate implicit in the contract and, together with other charges payable to the operator, shall be charged to the appropriate service section of the Comprehensive Income and Expenditure Statement.

Any lifecycle replacement payments that can be reliably identified in the contract shall be recognised as a prepayment in the Balance Sheet until such time as expenditure is incurred by the operator. An



adjustment between actual cost and payment shall be made in the Comprehensive Income and Expenditure Statement.

Any future contracts shall be assessed in the light of the relevant accounting standards and practices to determine whether or not the Council needs to recognise an asset and capital obligation in its accounts.

As per Section 12.2 the Council terminated the PFI contract from 27 July 2021.

8.22 GROUP ACCOUNTS

Each year the Council shall review its interests and influence in all types of entity including, but not limited to, other local authorities and similar statutory bodies, common good Trust Funds, companies, Joint Committees and other joint arrangements. When appropriate, group accounts shall be prepared in accordance with the pertinent accounting standards.

8.23 JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

8.24 RELATED PARTIES

The following disclosures shall be made in respect of material transactions with related parties not disclosed elsewhere in the Statement of Accounts:

- Nature of the relationship and influence exerted either by or on the Council
- The aggregate of transactions in the year separately showing payable and receivable amounts
- Outstanding balances as at 31 March.

8.25 PRINCIPAL AND AGENT

Where the Council acts as agent, no transactions shall appear in its Financial Statements unless the Council collects and distributes cash on behalf of the principal, in which case the appropriate cash transactions will be reflected in the Balance Sheet.

8.26 WORKING BALANCES AND RESERVES

8.26.1 CLASSIFICATION

Reserves shall be classified as usable, being available to support future expenditure or unusable being those required for financial accounting purposes.



8.26.2 USABLE RESERVES

The Council Fund shall comprise of the General Fund balance and reserves, the Housing Revenue Account balance and reserves, usable capital receipts, usable grants and contributions and LMS (School) balances.

Working balances shall be maintained for General Fund and Housing Revenue Account at a level judged to be prudent to meet unforeseen events.

Working balances shall be maintained for schools in accordance with the Council's approved LMS scheme and regulations.

The Strategy for Holding and Utilising Reserves, shall govern the creation, management and use of all reserves.

The expenditure financed from reserves shall be shown, when it is incurred, in the appropriate service section of the Comprehensive Income and Expenditure Statement.

The following circumstances shall allow amounts to be reserved from revenue:

- Material commitments exist for goods and services not received or paid for by 31 March.
- Facilitation of rolling over of funding to future years to ensure the cost effective use of resources and allow for variation in service demand from year to year.
- To set aside resources for future developments or contingencies.

8.26.3 UNUSABLE RESERVES

The following financial reserves shall be maintained:

- Revaluation Reserve – to record any net gain on fixed asset revaluation after 1 April 2007.
- Capital Adjustment Account – to reflect the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- Financial Instruments Adjustment Account - to reflect the discounting and other adjustments applied to financial instruments to arrive at amortised cost reported in the Balance Sheet.
- PFI Lifecycle Reserve - to reflect the estimated sums paid to the PFI contractor for keeping the asset in a "new" state and shall be matched by a prepayment on the Balance Sheet. Both accounts shall be written down based on information received from the contractor on the lifecycle expenditure incurred in the year.
- Pension Reserve – to reflect the position of the Scheme's Fund.
- Accumulated Absences Account – to reflect the cost of paid absence entitlement due but not taken at 31 March.
- Deferred Capital receipts – to reflect sale proceeds in respect of assets disposed of on a deferred basis.

8.26.4 REPORTING

Usable reserve balances shall form part of the Council Fund.

Appropriations to and from reserves shall be reported in the Movement in Reserves Statement separately identifying usable reserves the Council has approved for revenue and capital purposes, reserves held by schools and unusable reserves.



8.27 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.

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

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

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

8.27.1 LANDFILL ALLOWANCE SCHEME WALES

Provision shall be made for any penalties/liabilities payable under the Schemes or where the Council considers it unlikely that the penalty will be enforced it shall disclose a separate class of contingent liability. Any payments made in advance shall be shown as assets.

8.28 CONTINGENT ASSETS AND LIABILITIES

8.28.1 CONTINGENT LIABILITIES

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

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

8.28.2 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.

8.29 VAT

Transactions shall be shown net of VAT to the extent that it is recoverable/payable.

8.30 TRUST FUNDS & OTHER ACCOUNTS

Separate accounts shall be maintained for Trusts and other funds administered by the Council. However, where the Authority has full control as the only Trustee group accounts would be required,



but if the transactions / balances are not individually material they will be consolidated within the Council's single entity Financial Statements (for example Tenby Pool).

8.31 IFRS 15 REVENUE FROM CONTRACT

Applies from 1 April 2018, replacing both IAS 18 and Revenue IAS 11 Construction Contracts. IFRS 15 establishes a new framework for revenue recognition and changes the basis for deciding whether revenue is recognised at a point in time or over a period of time. IFRS 15 has introduced 5 steps for revenue recognition, but as the Council has relatively predictable income streams the impact is deemed immaterial.





9.0 NOTES TO THE EXPENDITURE & FUNDING ANALYSIS

Pembrokeshire County Council – Statement of Accounts 2021-22



9.0

NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

9.1

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Actual Expenditure 2021-22	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Education Services	2,701	6,950	(1,789)	7,862	(6,633)	1,229
Social Care - Children's Services	146	1,897	(29)	2,014	(61)	1,953
Social Care - Adult Services	491	2,680	-	3,171	(705)	2,466
Housing Services	103	342	-	445	(531)	(86)
Council Housing	(15,130)	1,049	(4,387)	(18,468)	(7,598)	(26,066)
Highways & Transport Services	5,365	3,023	-	8,388	(1,561)	6,827
Cultural & Related Services	1,828	1,524	(14)	3,338	(902)	2,436
Planning Services	1,220	1,021	-	2,241	(536)	1,705
Environmental Services	2,818	2,095	-	4,913	(1,968)	2,945
Other Central, Corporate & Democratic Services	2,681	1,234	461	4,376	(6,645)	(2,269)
Council Tax Reduction Scheme	-	-	-	-	-	-
Court Services	-	16	-	16	-	16
Affordable Housing Scheme*	-	-	-	-	(1,253)	(1,253)
Contributions to Community*	-	-	-	-	(423)	(423)
Net Cost of Services (inc HRA) / Deficit on Continuing Operations	2,223	21,831	(5,758)	18,296	(28,816)	(10,520)
Other Operating Expenditure	(604)	-	-	(604)	17,974	17,370
Financing & Investment Income & expenditure	(23)	5,404	(720)	4,661	(89)	4,572
Taxation and non-specific grant income and expenditure*	(57,105)	-	-	(57,105)	(17,975)	(75,080)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(55,509)	27,235	(6,478)	(34,752)	(28,906)	(63,658)

* Second Homes Council Tax and Long Term Empty Property Premium shown separately in the Management Accounts but consolidated in the Statement of Accounts tables.



Actual Expenditure 2020-21	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Education Services	4,092	3,784	(792)	7,084	(6,403)	681
Social Care - Children's Services	24	1,184	(85)	1,123	(40)	1,083
Social Care - Adult Services	470	1,676	-	2,146	(553)	1,593
Housing Services	566	216	-	782	(125)	657
Council Housing	(29,221)	655	(4,556)	(33,122)	(10,290)	(43,412)
Highways & Transport Services	5,004	1,897	-	6,901	(2,394)	4,507
Cultural & Related Services	2,467	961	(14)	3,414	(467)	2,947
Planning Services	1,599	638	-	2,237	(191)	2,046
Environmental Services	1,888	1,317	-	3,205	(1,460)	1,745
Other Central, Corporate & Democratic Services	1,561	500	(3)	2,058	(5,322)	(3,264)
Court Services	-	9	-	9	-	9
Affordable Housing Scheme*	-	-	-	-	(1,138)	(1,138)
Contributions to Community*	-	-	-	-	(444)	(444)
Net Cost of Services (inc HRA) / Deficit on Continuing Operations	(11,550)	12,837	(5,450)	(4,163)	(28,827)	(32,990)
Other Operating Expenditure	(21)	-	-	(21)	17,108	17,087
Financing & Investment Income & expenditure	(8)	5,789	(201)	5,580	(49)	5,531
Taxation and non-specific grant income and expenditure*	(38,533)	-	-	(38,533)	(17,106)	(55,639)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(50,112)	18,626	(5,651)	(37,137)	(28,874)	(66,011)

* Second Homes Council Tax and Long Term Empty Property Premium shown separately in the Management Accounts but consolidated in the Statement of Accounts tables.



9.1.1 ADJUSTMENTS FOR CAPITAL PURPOSES

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services 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 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.

9.1.2 NET CHANGE FOR THE PENSIONS ADJUSTMENTS

Net change for the removal of pension contributions and the addition of IAS 19 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 CIES.

9.1.3 OTHER STATUTORY ADJUSTMENTS

Other statutory differences 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 differences 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 NNDR 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

9.1.4 OTHER NON-STATUTORY DIFFERENCES

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 e.g. reserve transactions:

- 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.



- 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.

9.2 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The Comprehensive Income and Expenditure Statement is prepared using the accounting policies set out within note 8.0 to meet the requirements of the Code of Practice on Local Authority Accounting.

Decisions about resource allocation are taken by the Council on the basis of budget reports prepared on a different basis using the service groupings set out in Service Reporting Code of Practice.

In particular:

No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).

The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year.

Appropriations to earmarked reserves that can be attributed to a particular service are reported at service level.

9.3 EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure / Income	2020-21* £'000	2021-22 £'000
Expenditure		
Employee Costs	172,789	194,335
Other Operating Costs	196,622	211,035
Support Services	-	-
Depreciation, amortisation & impairment	(11,556)	2,153
Interest Paid	16,142	15,004
Precepts & Levies	25,010	26,214
Gain or loss on disposal of assets	(20)	(604)
Total Expenditure	398,987	448,137
Income		
Rents, fees & charges etc	(51,983)	(65,270)
Interest & investment income	(247)	(219)
Income from council tax	(83,201)	(87,900)
Government grants and contributions	(329,567)	(359,406)
Total Income	(464,998)	(512,795)
Surplus or Deficit on the Provision of Services	(66,011)	(64,658)

* Recategorisation adjustment





10.0 NOTES TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT



10.0 NOTES TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

10.1 TAXATION AND NON-SPECIFIC GRANT INCOME

10.1.1 REVENUE SUPPORT GRANT AND SPECIAL GRANT

The amount reported is that notified by the Welsh Government for the financial year in question.

10.1.2 NATIONAL NON-DOMESTIC RATES (NNDR)

The unified business rate for 2021-22 was frozen by the Welsh Government at 53.5p in the £1 with an average rateable value of £132,831,671 compared to an average rateable value of £132,484,054 in 2020-21. The Council made a net contribution to the NNDR pool of £11.725m in 2021-22 and £15.815m in 2020-21

10.1.3 COUNCIL TAX

The County Council set the following Council Tax for the County Council and also on behalf of the Dyfed Powys Police & Crime Commissioner and Town and Community Councils.

Band D Council Tax	2020-21	2021-22
Pembrokeshire County Council	£1,146.69	£1,189.69
Dyfed Powys Police & Crime Commissioner	£260.56	£275.56
Average Town and Community Council	£37.97	£38.75
Tax Base Number of Band D Equivalent		
Chargeable	58,456.65	58,794.44
Aggregate Collectable*	57,301.64	57,188.46

* Aggregate collectable figure made up of Budget Setting tax base 54,920.38 plus Second Homes 1,939.80 plus Long Term Empty Property Premium 328.28

Council Tax bills were based on the following property band numbers and multipliers:

Tax 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 Equiv Chargeable Properties	3	3,735	6,575	11,388	10,454	14,211	8,193	3,390	636	208

The following amounts were due from council taxpayers for County, Police & Crime Commissioner and Town and Community Councils' expenditures:

Council Tax Income	2020-21 £000	2021-22 £000
Council Tax Due In Year	(82,018)	(85,920)
Council Tax Due in Year - Second Home Premium	(2,625)	(2,878)
Council Tax Due in Year - Long Term Empty Property	(312)	(459)
Non- collection allowance	1,754	1,357
Amount Due From Taxpayers Before Rebates	(83,201)	(87,900)
Allocated to:		
Dyfed Powys Police & Crime Commissioner Precept	(14,930)	(15,759)
Pembrokeshire County Council	(66,095)	(69,925)
Town and Community Councils Precepts	(2,176)	(2,216)
Total	(83,201)	(87,900)



10.1.4 REVENUE – OTHER NON-SPECIFIC GOVERNMENT GRANTS AND CONTRIBUTIONS

The grant income and contributions reported, are those notified by the Welsh Government and other funding bodies.

	2020-21 £000	2021-22 £000
Credited to Services		
DWP Subsidy Payments and Other DWP Grants	(26,622)	(25,185)
Regional Consortia Schools Improvement Grant	(4,331)	(9,595)
Flying Start & Families First	(4,600)	(4,868)
Grants & Contributions from Health Boards	(10,492)	(10,167)
Cleddau Bridge Grant	(3,000)	(3,000)
Welsh Government Covid Funding	(28,394)	(19,671)
Other Grants or Contributions credited to Services	(41,390)	(48,006)
Total Revenue Grants & Contributions Credited to Services	(118,829)	(120,492)

The above revenue grants and contributions have been accounted as follows during the year:

	2020-21 £000	2021-22 £000
Grants & Contributions Received	(122,098)	(123,769)
Grants Held In Advance Where Conditions Not Fulfilled	3,269	3,277
Grants & Contributions Credited As Income in Year	(118,829)	(120,492)

10.1.5 CAPITAL GRANTS & CONTRIBUTIONS

The Authority recognised the following capital grants and contributions in the Comprehensive Income and Expenditure Statement:

	2020-21 £000	2021-22 £000
Credited to Taxation and Non Specific Grant Income		
General Capital Grant	(3,298)	(3,181)
21st Century Schools	(12,133)	(21,076)
Major Repairs Allowance	(3,986)	(3,993)
Welsh Government - Transport (Local Transport Fund, Safe Routes in Communities, Local Road Safety, Bulford Road, & Southern Strategic Route)	(4,356)	(6,760)
Welsh Government - Flood & Coastal Erosion Risk Management	(494)	(647)
Welsh Government - Cashfields and Empty Homes	-	(10,500)
Other Grants	(13,942)	(10,930)
Developers Contributions	(325)	(18)
	(38,534)	(57,105)
Applied to Finance Capital Expenditure	(38,534)	(57,105)
Transferred to Capital Grant Unapplied Reserve	-	-
	(38,534)	(57,105)



10.2 PRECEPTS AND LEVIES

	2020-21 £000	2021-22 £000
Precepts		
Dyfed Powys Police & Crime Commissioner	14,930	15,759
Town and Community Councils	2,176	2,216
Levies		
Mid and West Wales Fire and Rescue Service	6,919	7,156
Pembrokeshire Coast National Park Authority	985	1,083
Totals	25,010	26,214

10.3 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Payments of a capital nature where no fixed asset was created are written out of the accounts in the Comprehensive Income and Expenditure Statement.

	2020-21 £000	2021-22 £000
Expenditure in Year	3,282	5,082
Grant & Contributions Received in Year	(3,282)	(5,035)
Net Revenue Expenditure Funded from Capital Under Statute	-	47

10.4 PENSION COSTS

The Authority participates in two pension schemes:

10.4.1 THE DYFED SUPERANNUATION SCHEME

Administered by Carmarthenshire County Council, is a funded defined benefit scheme to which both employees and the Authority as employers pay contributions. The scheme operates under the legislation appertaining to Local Government Pensions.

A composite employers contribution rate used in 2021-22 was calculated by the Fund's actuary based on the valuation as at 31 March 2019 for all employees of the County Council who are members of the scheme.

The Fund was valued as at 31 March 2019 and the results of this valuation are reflected in the 2021-22 Accounts.

The disclosures set out below are required by International Accounting Standard 19 (IAS 19), which employs slightly different assumptions than those used in the actuarial valuation, are also produced by the Fund's Actuary at each financial year end.

IAS 19 requires most assets to be valued at "realisable values" i.e.: bid values, as opposed to "fair values" (in effect, mid-market values).

The pensions fund investment assets will move in line with the value of securities quoted on world equity markets which could increase or decrease. As the Pension Fund time horizon is long term and the true value of investments is only realised when investments are sold, no adjustments are made for any changes in the fair value of investments between 31 March 2022 and the date that the accounting statements are authorised for issue.



REVENUE TRANSACTIONS

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2020-21 £000	2020-21 £000	2021-22 £000	2021-22 £000
Interest on Pension Liabilities	18,904		20,080	
Interest on Plan assets	(13,115)		(14,676)	
	-	5,789	-	5,404
Administration Expenses	-	325	-	338
Past Service (Gain) / Cost		8		139
Curtailement (Gain) / Loss		81		384
Current Service Cost		27,672		36,626
		33,875		42,891
Statement of Movement on the Council Fund Balance Entries	£000	£000	£000	£000
Reversal IAS 19 Entries Above:		(33,875)		(42,891)
Actual Charges Paid In Year				
Actual Amount Charged For Period	14,225		15,241	
Cost of Enhancements Charged In Year	784		748	
		15,009		15,989
		(18,866)		(26,902)
Employees Contributions		5.5% - 12.5%		5.5% - 12.5%
Employers Contributions		17.1%		17.1%

THE DYFED SUPERANNUATION SCHEME PENSION ASSETS & LIABILITIES

RECONCILIATION OF PRESENT VALUE OF THE SCHEME LIABILITIES

	Total Liabilities 2020-21 £000	Funded Liabilities 2021-22 £000	Unfunded Liabilities 2021-22 £000	Total Liabilities 2021-22 £000
Liability as at 1 April	803,270	950,814	11,671	962,485
Movements in the year:				
Current Service Cost	27,672	36,626	-	36,626
Interest on Pension Liabilities	18,904	19,843	237	20,080
Member Contributions	5,094	5,343	-	5,343
Past Service (Gain) / Cost	8	139	-	139
Remeasurements (liabilities) comprising of:				
Experience (gain) / loss	(16,122)	2,474	32	2,506
(Gain) / Loss on financial assumptions	145,391	(17,566)	(125)	(17,691)
(Gain) / Loss on demographic assumptions	-	(7,504)	(82)	(7,586)
Curtailements	81	384	-	384
Benefits / transfers paid	(21,813)	(19,813)	(748)	(20,561)
Liability at 31 March	962,485	970,740	10,985	981,725



RECONCILIATION OF FAIR VALUE OF THE SCHEME ASSETS

	2020-21	2021-22
	£000	£000
Fair Value of Plan Assets as at 1 April	552,032	697,421
Movements in the year:		
Interest on Plan assets	13,115	14,676
Remeasurements (assets)	134,309	35,281
Administration Expenses	(325)	(338)
Employer Contributions	15,009	15,989
Member Contributions	5,094	5,343
Benefits / transfers paid	(21,813)	(20,561)
Fair Value of Plan Assets as at 31 March	697,421	747,811

PENSION FUND ASSETS SPLIT BY CATEGORY

	31 March 2021	31 March 2022
	£000	£000
Equities	516,649	540,443
Government	18,133	9,946
Other Bonds	62,768	59,376
Property	77,065	97,739
Alternatives	14,646	27,594
Cash/Liquidity	8,160	12,713
Total	697,421	747,811

Notes to the tables:

Deferred taxation has been ignored.

Compensatory Added Years benefits, which are recharged to the Authority, have been included in the liabilities and contributions for the purposes of the calculations.

No specific investigation has been undertaken in relation to decreases in the average age of the scheme membership, but no reason has been given to suggest there have been any substantial changes since the 2019 actuarial valuation.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. In July 2020, the UK Government published proposals for consultation on a remedy to address the McCloud issue. The pension fund actuary has based the estimate on the major provisions of the remedy, however there remains some uncertainty over the final outcome.

The asset values reported are based on a pro-rata of the actual asset values, in order to separate the Authority's share from ERW's.



Actuarial Assumptions

	Beginning Of Year	End Of Year
	%	%
Financial Assumptions		
Rate of CPI inflation	2.7	3.3
Rate of increase in salaries	4.2	4.8
Rate of increase in pensions	2.8	3.4
Discount Rate	2.1	2.8
Life Expectancy (Years)		
Male future pensioner aged 65 in 20 years' time	24.7	24.4
Female future pensioner aged 65 in 20 years' time	27.2	27.1
Male current pensioner aged 65	23.1	23.0
Female current pensioner aged 65	25.0	24.9

Notes to the Actuarial Assumptions

- The end of year figures for the market value of the assets and split of assets between investment categories have been calculated as at 31 March 2022. The corresponding split of assets at the start of the year has been calculated as at 31 March 2021.
- The actuarial assumptions used in the calculation of the year end Balance Sheet liabilities are based on the 2019 actuarial valuation assumptions, other than the financial assumptions, which are shown above.
- The above expected returns are gross of expenses. A deduction of £3,137k in respect of expenses is made in calculating the expected return for the year.
- The figure used for the discount rate is based on a yield on corporate bonds of around 2.7 – 2.8%.
- The estimation of the defined benefit obligations is sensitive to actuarial assumptions for discount rate, inflation, pay growth and life expectancy. Changes to these assumptions could lead to significant changes in the liability.
- The 2022-23 estimated employer contributions are £15,358k per the Mercer report.
- There has been substantial volatility in the financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values, and any changes in markets will be reflected in the accounting figures.

EFFECT OVER TIME OF ACTUAL TO ASSUMED PERFORMANCE

Scheme History	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Present Value of Liabilities	(700,717)	(776,924)	(803,270)	(962,485)	(981,725)
Fair Value of Assets	563,920	598,970	552,032	697,421	747,811
Surplus / (Deficit) in the scheme	(136,797)	(177,954)	(251,238)	(265,064)	(233,914)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The overall impact is a decrease in the deficit over the year. See section 1.4.2 for more details.



The total liability of £233.9m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

10.4.2 THE TEACHER'S PENSION SCHEME

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

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teacher's Pension Scheme.

Comprehensive Income & Expenditure Statement Entries	2020-21 £000	2021-22 £000
Included in Net Operating Expenditure		
Total contributions charged to the accounts	9,047	9,497
Cost of discretionary awards made in year	-	-
Employees contribution rate	7.4% - 11.7%	7.4% - 11.7%
Employers contribution rate	23.7%	23.7%

10.5 REMUNERATION DETAILS

10.5.1 THE FOLLOWING TABLES SET OUT THE DISCLOSURE OF REMUNERATION FOR SENIOR STAFF AS FOLLOWS:

Chief Executive / Head of Paid Service and Directors including pension contributions. The total contribution rate for employer pension contributions was 17.1% for 2020-21 and 2021-22.

Senior Officers		Gross Salary, Fees & Other Emoluments £	Employer Pension Contributions to Local Government Pension Scheme £	Benefits in kind £	Election Fees £
Chief Executive/Returning Officer*	2020-21	193,576	16,161	9,070	-
	2021-22	79,141	13,533	166	-
Interim Chief Executive/Returning Officer**	2020-21	47,255	6,324	3,300	-
	2021-22	64,752	11,073	2,355	11,698
Director of Resources	2020-21	124,462	21,283	4,534	-
	2021-22	126,329	21,602	4,487	2,290
Director of Community Services	2020-21	124,462	21,283	16,386	-
	2021-22	126,329	21,602	6,934	425
Director of Social Services & Housing	2020-21	124,462	21,283	5,841	-
	2021-22	127,064	21,728	5,867	1,050
Director for Education	2020-21	115,098	19,682	1,347	-
	2021-22	121,263	20,864	444	1,045

* 2020-21 Former Chief Executive/Returning Officer left the employment of the Council on 30 November 2020 and was paid a settlement agreement payment of £95,000. A review by the Auditor General for Wales identified that the £95,000 settlement agreement payment to the former Chief Executive was, in his view, unlawful. A Section 114 (2) report was issued, with Full Council agreeing on 1 February 2022 to take no further action. 2021-22 New Chief Executive from 13 September 2021

** Interim Chief Executive / Returning Officer from 1 December 2020 until 13 September 2021.



Other Employees (including teachers) receiving remuneration of £60,000 or more (not including employer pension contributions) in bands of £5,000.

Other Employees Remuneration Band	Number Of Employees	
	2020-21	2021-22
£60,000 - £64,999	32	30
£65,000 - £69,999	16	21
£70,000 - £74,999	7	10
£75,000 - £79,999	4	6
£80,000 - £84,999	2	5
£85,000 - £89,999	8	6
£90,000 - £94,999	1	3
£95,000 - £99,999	2	1
£100,000 - £104,999	3	4
£105,000 - £109,999	3	1
£110,000 - £114,999	1	3

The remuneration of the Council's Chief Executive/Interim Chief Executive during 2021-22 was £143,893 (2020-21 £141,760). The median remuneration of all the Council's employees during 2021-22 was £21,299 (2020-21 £21,046). The ratio of the remuneration of the Council's Chief Executive/Interim Chief Executive to the median remuneration of all the Council's employees during 2021-22 was approximately 6.8 : 1 (2020-21 6.7 : 1).

10.5.2 MEMBERS ALLOWANCES

The total allowances including taxable benefits paid to Members in the year totalled £1,145,041 compared with £1,133,453 in 2020-21.

10.5.3 TERMINATION BENEFITS

The following table identifies payments comprising of statutory and voluntary redundancy costs, pension contributions in respect of added years and pension strain and other ex gratia payments.

Redundancy & Other Termination Costs (Current Year) Band	2020-21				2021-22			
	No's			£000	No's			£000
	Compulsory	Other	Total		Compulsory	Other	Total	
£0 - £20,000	7	5	12	68	4	18	22	206
£20,001 - £40,000	3	7	10	304	3	4	7	218
£40,001 - £60,000	-	3	3	134	-	4	4	191
£60,001 - £80,000	-	1	1	75	-	2	2	122
£80,001 - £100,000	-	1	1	95	-	-	-	-
Total	10	17	27	676	7	28	35	737

Pension Costs - Capital Settlement (Current Year) Band	2020-21		2021-22	
	No's	£000	No's	£000
£0 - £20,000	6	58	7	196
Total	6	58	7	196



Pension Costs - Annual Contribution (Prior Year)	2020-21 £000	2021-22 £000
Annual Contribution	998	989
Total	998	989

10.6 AUDIT FEES

The following amounts are estimated as payable to Audit Wales for the year:

	2020-21* £000	2021-22** £000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	165	171
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure	110	114
Fee payable for the certification of grant claims and returns	32	33
Fee payable for Audit Wales Public Interest Report	-	67
Total	307	385

* The 2020-21 fees were based on estimates in the previous year and have been restated to reflect the actual fees incurred.

** The figures for the 2021-22 fees are estimated.

10.7 RELATED PARTIES

Related parties refers to bodies or individuals that have the potential to control or influence the Council or to be influenced or controlled by the Council thereby possibly constraining the ability of the Council or the other party to operate independently.

There are other instances where Members and officers of the Council may attend meetings of the third party bodies but do not have the direct ability to exercise control, however, the opinions they express may influence decisions and policy.

10.7.1 MEMBERS OF THE COUNCIL

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

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Council. The declaration of related party transactions by members is open to inspection by the public and is available on an individual Member basis on the [Council website](#).

A number of Members had interests in businesses which received Covid-19 related grant funding during 2021-22.

Material payments made to organisations where Members had an interest include Hywel Dda University Health Board (£4.273m 2021-22 expenditure; £0.705m creditor balance), Pembrokeshire Association of Voluntary Services (£1.536m 2021-22 expenditure; £0.040m creditor balance), Openreach (£1.593m 2021-22 expenditure; £0.001m creditor balance), Ceredigion County Council (£1.186m 2021-22 expenditure; £0.158m creditor balance), Pobl Group (£0.598m 2021-22 expenditure; £0.000m creditor balance), Community Interest Care CIC (£0.358m 2021-22



expenditure; £0.011m creditor balance), Visit Pembrokeshire (£0.353m 2021-22 expenditure; £0.000m creditor balance), Pembrokeshire College (£0.380m 2021-22 expenditure; £0.008m creditor balance), Milford Haven Port Authority (£0.354m 2021-22 expenditure; £0.000m creditor balance), Pembrokeshire Care Society (£0.424m 2021-22 expenditure; £0.031m creditor balance), Valero (£0.333m 2021-22 expenditure; £0.000m creditor balance), Pembrokeshire Mind (£0.405m 2021-22 expenditure; £0.005m creditor balance), and Pembrokeshire Frame Ltd (£0.354m 2021-22 expenditure; £0.000m creditor balance).

A complete list of Member related party expenditure, income and outstanding balances is held on the [Council website](#).

10.7.2 OFFICERS

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

Payments made to organisations where Officers had an interest include Pembrokeshire College (£0.380m 2021-22 expenditure; £0.008m creditor balance) and G D Harries (£5.309m 2021-22 expenditure; £0.233m creditor balance).

A complete list of Officers related party expenditure, income and outstanding balances is held on the [Council website](#).

10.7.3 CONTRACTS

Under the Council's constitution contracts as defined in Contract Procedure Rules and are subject to Cabinet Member delegations.

10.7.4 MATERIAL RELATIONSHIPS

There have been no material relationships identified where material influence exists.

10.7.4.1 UK AND WELSH GOVERNMENTS

The UK and Welsh Governments, and to a lesser extent the European Union (Until Brexit), have the responsibility for the statutory framework and provide the majority of the Council's funding, much of which is subject to specific terms and conditions. They can, therefore, exert effective control over the operations of the Council. Details of grants received are set out within note 10.1.4. Grant receipts outstanding at 31 March 2022 are set out within note 12.6.3.

10.7.4.2 OTHER PUBLIC BODIES

Other Public Bodies are subject to common control by Central and Welsh Government.



10.7.4.3 POOLED BUDGETS

An arrangement with the Hywel Dda Local Health Board was in place during the year operating under a pooled budget agreement. The transactions of which are set out below:

	Joint Equipment Store	
	2020-21 £000	2021-22 £000
Balance B/fwd	-	-
Contributions:		
PCC	358	409
Hywel Dda	296	277
Expenditure in Year	654	686
Balance C/Fwd	-	-

10.7.4.4 JOINTLY CONTROLLED OPERATIONS

Together with the other 21 Welsh Unitary Authorities, the Council is a member of WJEC, a company limited by guarantee whose objectives are to provide and promote other educational and cultural services. The Council's liability is limited to £1. Copies of the accounts can be obtained from WJEC CBAC Ltd, 245, Western Avenue, Llandaff, Cardiff CF5 2YX.

The Council also participates in a number of other Joint Arrangements which have not involved the establishment of a separate entity, where any unspent contributions to such arrangements are held in a Joint Arrangement Reserve. In accordance with accounting policy 8.23, where material, the main financial statements of the Council have been consolidated with the relevant entries.

EDUCATION THROUGH REGIONAL WORKING (ERW)

ERW was an alliance of local authorities (six in 2019-20, five in 2020-21, four for the period 1 April to 31 August 2021 and three in the period 1 September 2021 to 31 March 2022) in South West and Mid Wales working to improve the standards of education of children and young people within the region. The Council is the lead for accounting purposes.

ERW ceased on 31 March 2022 and 'Partneriaeth', an alliance of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council was created under a new legal agreement.

The Council's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below.

Education through Regional Working				
Income and Expenditure	2020-21		2021-22	
	Total ERW £000	PCC Share £000	Total ERW £000	PCC Share £000
Expenditure	56,637	9,420	4,115	846
Income	(56,768)	(9,442)	(4,048)	(833)
Net Expenditure	(131)	(22)	67	13
Net Pensions Interest	67	11	6	1
Movement on Reserves	64	11	(73)	(14)
Net (Surplus) / Deficit	-	-	-	-



Balance Sheet as at 31 March	2020-21		2021-22	
	Total ERW	PCC Share	Total ERW	PCC Share
	£000	£000	£000	£000
Current Assets	3,430	571	4,955	1,018
Current Liabilities	(2,708)	(450)	(4,278)	(879)
Total Assets Less Liabilities	722	121	677	139
Long Term Liabilities	(613)	(102)	(641)	(132)
Total Long Term Liabilities	(613)	(102)	(641)	(132)
Net Assets	109	19	36	7
Usable Reserves	(722)	(126)	(677)	(139)
Pension Reserves	613	107	641	132
Total Financing	(109)	(19)	(36)	(7)

ERW as a legally constituted Joint Committee statutory financial statements which can be obtained from the ERW website: <http://www.erw.wales>

SWANSEA BAY CITY DEAL

The Swansea Bay City Deal is a £1.3bn investment in 11 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 and the University of Wales Trinity Saint David.

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector and the private sector. On the successful approval of project business cases the Accountable Body, on behalf of the Joint Committee, will release Government grant funding to Project Lead Authorities up to the maximum of the agreed allocated value. Grant values are subject to change, however this will be supported by a full business case and approval by the Joint Committee and both UK and Welsh Governments, as outlined within the Joint Committee Agreement.

In June 2020, the Pembroke Dock Marine (PDM) business case received approval to be part of the overall Swansea Bay City Deal programme. The agreement between the Accountable Body and the Council was signed on 23 February 2021 with the agreements between the Council and the four delivery partners being signed on 2 July 2021.

Pembroke Dock Marine Project	2021-22 £'000
Expenditure	2,588
Grant Income	(2,588)

In addition there are 3 regional projects, Digital Infrastructure, Homes as Power Stations and Skills and Talents. Due to the timing of the grant on these projects there will be a requirement for the Council to borrow. The level of borrowing required is still to be confirmed.



SOUTH WEST WALES CORPORATE JOINT COMMITTEE (SWWCJC)

The South West Wales Corporate Joint Committee (SWWCJC) was formally established in 2022-23, following the Local Government and Elections Act (Wales) coming in to force. In line with the legislation, the SWWCJC will have responsibility for a range of 'mandated functions' – regional transport, including the development of a Regional Transport Plan; regional (land use) planning, including the development of a Strategic Development Plan; economic well-being, and oversight of the Regional Economic Strategy and Delivery Plan (adopted by the SWWCJC in March 2022). In addition, the SWWCJC has agreed to support an additional 'function' – the development and oversight of the Regional Energy Strategy (adopted by the SWWCJC in March 2022).

The SWWCJC is a joint (combined authority) committee covering the four unitary authorities of Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot. The Joint Committee is made up of the Leaders of the constituent local authorities with the addition of the two National Parks (Brecon Beacons and Pembrokeshire Coast) for matters to do with land use planning. In addition there are co-opted (non-voting) representatives from the two Health Boards and two universities. The SWWCJC was formally constituted at a meeting on 15 March 2022; the committee is currently chaired by the Leader of Swansea and the current lead Chief Executive (on a rotating basis) is held by Neath Port Talbot.

The democratic, standards, scrutiny, governance and audit functions are shared across the four local authorities with Pembrokeshire currently responsible for governance and audit.

Below the joint committee, four sub-committees are being established to cover the 'mandated functions' identified above – transport, Planning, economic development and energy. Terms of Reference for the sub-committees were approved on 11 October 2022. Each sub-committee has a political lead and a chief executive lead with relevant Cabinet Members from each authority making up the committee membership.

The Joint Committee and sub-committees will be supported by a private sector Advisory Board (under recruitment) and a small officer team on secondment.

OTHER JOINT ARRANGEMENTS

Other joint arrangements include South Pembrokeshire Hospital, Substance Misuse Action Fund (SMAF), Welsh Purchasing Consortium, Local Resilience Forum, Integrated Transport (SWWITCH) and Joint Commissioning (Carmarthenshire County Council / Pembrokeshire County Council) amongst others. Where material, the main financial statements of the Council have been consolidated with the relevant entries.

10.7.4.5 WITHYBUSH FOODPARK JOINT VENTURE

Withybush Food Park is a joint venture between Pembrokeshire County Council and Welsh Government. Incorporated on 1 February 2021 its aim is to create a high quality hub in Withybush that will become home to a number of food producers. This will involve creating fully serviced plots ready to sell for development and potentially the construction of advance build units for let or purchase.

The agreement shall continue for a period of 8 years from 1 February 2021 or until the Overall Objective has been achieved or until either Party decides after a period of 5 years from 1 February 2021 that the Overall Objectives cannot be achieved subject to agreed mutual agreement.



The Council shall submit to the Ministers for approval on an annual basis management accounts. The financial arrangements are that any receipts from plot sales or rental income is divided between the parties on a percentage based on each party's approved development expenditure.

Withybush Food Park	2020-21 £000	2021-22 £000
PCC Share of Expenditure	531	32

Due to materiality/percentage split still to be determined, the entries are included in the single entity accounts and no Group Accounts have been prepared.

10.7.4.6 CONTROLLED OR INFLUENCED ENTITIES

The Council controls the Tenby Pool, Fishguard and Tenby Harbour Authorities and other Trust Funds. Tenby Pool gross income and expenditure and the fixed asset values have been incorporated into the Council's Statement of Accounts.





11.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT



11.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT

11.1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND REGULATORY FUNDING BASIS

Actuals 2021-22	General Fund Working Balance	HRA Working Balance	Capital Receipts & Grants Reserves	Total Usable Reserves	Unusable Reserves
	£000	£000	£000	£000	£000
Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position					
Depreciation	(21,286)	(4,621)	-	(25,907)	25,907
Impairment / Revaluation	3,980	19,774	-	23,754	(23,754)
Capital Grants Treated As Income	41,717	15,388	-	57,105	(57,105)
Revenue Expenditure Funded From Capital Under Statute	(47)	-	-	(47)	47
Disposal of Non-Current Assets	(93)	130	(1,614)	(1,577)	1,577
Use of Capital Receipts, Grants & Contributions to finance Capital Expenditure	-	-	58	58	(58)
Use of Capital Receipts set aside as reserved receipts	-	-	131	131	(131)
Financing Cost Adjustment (EIR adjustment)	97	-	-	97	(97)
Pension Cost Adjustment	(40,844)	(2,047)	-	(42,891)	42,891
Employee Benefits – Leave Accrual	(333)	-	-	(333)	333
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position					
Minimum Revenue Provision	3,873	1,545	-	5,418	(5,418)
Statutory Repayment of Debt (Finance Lease Liabilities)	10	-	-	10	(10)
Statutory Repayment of Debt (PFI)	1,488	-	-	1,488	(1,488)
Capital Expenditure Charged To Council Fund (inc PFI Lifecycle)	1,985	2,850	-	4,835	(4,835)
Amortisation of net premium/discounts in relation to financial instruments	87	-	-	87	(87)
Employers contributions to pension schemes	15,254	735	-	15,989	(15,989)
Net Adjustment Required	5,888	33,754	(1,425)	38,217	(38,217)



Actuals 2020-21	General Fund Working Balance £000	HRA Working Balance £000	Capital Receipts & Grants Reserves £000	Total Usable Reserves £000	Unusable Reserves £000
Amounts included in Total Comprehensive Income and Expenditure required by regulation to be excluded to arrive at the funding position					
Depreciation	(17,119)	(3,978)	-	(21,097)	21,097
Impairment / Revaluation	(554)	33,207	-	32,653	(32,653)
Capital Grants Treated As Income	33,141	5,393	-	38,534	(38,534)
Disposal of Non-Current Assets	(5)	2	(2,559)	(2,562)	2,562
Use of Capital Receipts set aside as reserved receipts	-	-	297	297	(297)
Use of Capital Receipts Grants & Contributions to finance Capital Expenditure*	-	-	2,379	2,379	(2,379)
Financing Cost Adjustment (EIR adjustment)	(1)	-	-	(1)	1
Pension Cost Adjustment	(32,236)	(1,639)	-	(33,875)	33,875
Employee Benefits – Leave Accrual	240	-	-	240	(240)
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position					
Minimum Revenue Provision	3,774	1,545	-	5,319	(5,319)
Statutory Repayment of Debt (PFI)	315	-	-	315	(315)
Capital Expenditure Charged To Council Fund (inc PFI Lifecycle)	1,968	4,756	-	6,724	(6,724)
Amortisation of net premium/discounts in relation to financial instruments	87	-	-	87	(87)
Employers contributions to pension schemes	14,321	688	-	15,009	(15,009)
Net Adjustment Required	3,931	39,974	117	44,022	(44,022)

* Correction of 2020-21 classification error



11.2 USABLE RESERVES

11.2.1 GENERAL FUND, HRA, EARMARKED AND EDUCATION SPECIFIC RESERVES

	Balance 31 March 2021	Contrib'n (from) Revenue Accounts	Contib'n to Revenue Accounts	Financing Adj & Tfr to Provision	Contrib'n to Capital Accounts	Balance 31 March 2022
	£000	£000	£000	£000	£000	£000
Working Balances						
General Fund	(7,000)	(1,000)	-	-	-	(8,000)
HRA	(752)	-	-	-	-	(752)
Total Working Balances	(7,752)	(1,000)				(8,752)
Earmarked Reserves						
HRA Capital Reserve						
Housing HRA	(10,621)	(6,303)	387	-	2,851	(13,686)
Total HRA Capital Reserve	(10,621)	(6,303)	387		2,851	(13,686)
General Fund Capital Reserves						
General Capital Fund	(973)	(1,923)	52	-	512	(2,332)
21st Century Schools	-	(33)	-	-	33	-
Total Capital General Fund Reserves	(973)	(1,956)	52		545	(2,332)
General Fund Earmarked Revenue Reserves						
Insurance	(3,785)	(453)	-	491	-	(3,747)
Winter Maintenance	(227)	-	-	-	-	(227)
Risk Management	(4,012)	(453)		491		(3,974)
Property & Equipment	(2,912)	(2,683)	87	-	377	(5,131)
Carriageway Reconstruction	(765)	(577)	495	-	46	(801)
Vehicles & Plant	(6,220)	(3,234)	-	-	732	(8,722)
Cleddau Bridge	(849)	(537)	-	-	35	(1,351)
West Wales Crematorium	(704)	(209)	-	-	-	(913)
Asset Renewal & Repair	(11,450)	(7,240)	582		1,190	(16,918)
Elections	(356)	(250)	47	-	-	(559)
Social Care Reorganisation	(1,301)	(424)	-	-	-	(1,725)
Education Reorganisation	(875)	(644)	70	-	-	(1,449)
Equalisation	(2,532)	(1,318)	117			(3,733)
Initiative Fund (formerly Invest to Save & Service Reconfiguration)	(4,209)	(7,453)	162	-	68	(11,432)
Service Reconfiguration (merged into Initiative Fund)	(2,182)	-	2,077	-	105	-
Programme for Administration	(4,607)	(10)	1,207	-	-	(3,410)
Hardship Fund (formerly Covid-19)	(6,280)	(1,526)	-	-	-	(7,806)
Transformation	(17,278)	(8,989)	3,446		173	(22,648)
Planning	(185)	-	-	-	-	(185)
County Farms Compensation	(161)	(30)	-	-	-	(191)
Regeneration Fund	(563)	-	-	-	-	(563)
Economic Development & Tourism	(210)	(452)	-	-	-	(662)
Environmental Services	(329)	(337)	-	-	-	(666)
Recycling	(647)	-	-	-	-	(647)
Service Delivery	(2,095)	(819)				(2,914)
Joint Arrangements	(59)	(4)	-	-	-	(63)
Affordable Housing	(3,977)	(1,319)	66	-	-	(5,230)
Contribution to Community	(1,998)	(1,319)	896	-	-	(2,421)
External	(6,034)	(2,642)	962			(7,714)
Total General Fund Revenue Earmarked Reserves	(43,401)	(21,461)	5,107	491	1,363	(57,901)
Schools & Related Reserves						
Schools ISB Balances	(7,097)	(4,621)	510	-	-	(11,208)
School Catering SLA	(495)	-	-	-	-	(495)
Schools Maintenance SLA	(848)	(196)	-	-	-	(1,044)
Schools Supply Insurance	(587)	(88)	-	-	-	(675)
ICT Infrastructure	(121)	(1,393)	-	-	-	(1,514)
PFI ICT	(3)	(17)	20	-	-	-
PFI RSG Equalisation	(2,115)	(4)	711	-	-	(1,408)
Total Schools & Related Reserves	(11,266)	(6,319)	1,241			(16,344)



11.2.2 CAPITAL RECEIPTS, GRANTS & CONTRIBUTIONS RESERVES TRANSACTIONS

Part of the receipts from the sale of assets is set aside to repay debt in accordance with accounting policies, the balance is available to finance capital expenditure.

Contributions for capital purposes and unapplied capital grants received are also available to finance future capital investment.

	Balance at 1 April 2021	Rec'd In Year	Set Aside Prov'n	In Year Transfers	Applied to Revenue	Applied To Finance Expend	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Capital Receipts Reserve							
General Fund	(11,867)	(1,483)	-	-	-	58	(13,292)
HRA	-	(131)	131	-	-	-	-
TOTAL	(11,867)	(1,614)	131	-	-	58	(13,292)





12.0 NOTES TO THE BALANCE SHEET

Pembrokeshire County Council – Statement of Accounts 2021-22



12.0 NOTES TO THE BALANCE SHEET

12.1 NON-CURRENT ASSETS

Note 12.1 provides full details of asset movements during the year. As part of the Council's rolling programme, revaluations of schools, housing, HRA land, garages and HRA shops took place. Capital receipts from the disposal of property assets was £1.2m in respect of non-council housing and £0.127m in respect of Council House Sales.

12.1.1 FIXED ASSETS

The Council's fixed asset portfolio was valued at £978m as at 31 March 2022 compared to £802m as at 31 March 2021.

Fixed assets acquisitions in the year were made for consideration of £13.7m. This figure is included in the total additions value of £74.2m with the remaining value relating to construction costs or work relating to existing assets.

At 31 March 2022, surplus assets awaiting disposal have an estimated value of £2.1m, of which £0.473m is estimated as being likely to be sold within the next 12 months.

Impairments were charged in the year representing; Leisure Centre, STP School, Haverfordwest were demolished for construction of new schools and leisure facility, Former Bakery, Snowdrop Land, ground lease but building repossessed. Site demolished.

12.1.1.1 VALUATION

The assets of the Council have been valued in accordance with the stated accounting policy. Where applicable, assets have been valued by the Council's valuer, Mrs H McLeod-Baikie F.R.I.C.S. The following table shows the Council's revaluation of fixed assets as part of the rolling programme.

Valuation Basis Gross Values	Council House Assets £000	Other Land & Bldings £000	Vehicle, Plant & Equip £000	Com'ty Assets £000	Heritage Assets £000	Assets Under Const'n £000	Surplus Assets £000	Total £000
Carried at Historical Cost	3,137	12,468	36,875	545	1,680	34,784	-	89,489
Valued at Fair Value as at:								
31 March 2022	272,769	420,880	-	-	-	-	2,283	695,932
31 March 2021	14,384	11,576	-	-	-	547	-	26,507
31 March 2020	-	5,407	7	-	-	2,497	-	7,911
31 March 2019	-	12,690	58	45	-	2,325	445	15,563
31 March 2018	-	32,157	65	-	-	-	-	32,222
Total Cost or Valuation	290,290	495,178	37,005	590	1,680	40,153	2,728	867,624

Voluntary Controlled (VC), Voluntary Aided (VA) and PFI schools for which the Council has legal title are included on the Council's Balance Sheet. Those that are legally owned by other bodies are excluded.

The gross carrying value of the pool area of Tenby Leisure Centre (approx. £1.7m) is held in trust. In accordance with the Code, this has been included in the Balance Sheet. It is also reported separately as part of the Tenby Pool Trust accounts.

Infrastructure is measured at Historic Cost and so is not included in the table above.



In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note along with Table 12.1.1.4 and Table 12.1.1.5 do 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 timescales required to conclude a change to the infrastructure assets was the primary reason for utilising the temporary relief within the 2021-22 accounts. In addition it is anticipated that there will be no material impact on the financial statements.

12.1.1.2 DEPRECIATION & IMPAIRMENT

All fixed assets have been depreciated using the straight-line method using the following assumed useful lives shown below.

Type Of Asset	Useful Life Over Which Depreciated
Council Dwellings	40 years
Other HRA Property	Up to 40 years
Buildings	Up to 40 years
Land	Not depreciated
Infrastructure	40 years
Vehicles Plant & General Equipment	3 - 15 years
IT Equipment	5 years
Heritage Assets	Not depreciated
Community Assets	Not depreciated
Assets Under Construction	Not depreciated
Surplus Assets	Up to 5 years
Investment Properties	Not depreciated
Intangibles	3 years

12.1.1.3 ASSET USAGE AND CATEGORISATION

Type Of Asset	Net Book Value					
	2020-21			2021-22		
	General Fund £000	HRA £000	Total £000	General Fund £000	HRA £000	Total £000
Property Plant & Equipment						
Council Dwellings	357	244,487	244,844	1,208	296,532	297,740
Land & Buildings	401,201	575	401,776	487,428	1,494	488,922
Infrastructure	125,406	-	125,406	131,773	-	131,773
Vehicles Plant & Equipment	16,493	345	16,838	16,534	230	16,764
Heritage Assets	528	-	528	847	-	847
Community Assets	577	-	577	527	-	527
Assets Under Construction	10,672	-	10,672	38,648	87	38,735
Surplus Assets	2,248	-	2,248	2,713	-	2,713
	557,482	245,407	802,889	679,678	298,343	978,021
Intangibles	39	-	39	100	-	100
Assets Held for Sale	350	-	350	-	-	-
Total	557,871	245,407	803,278	679,778	298,343	978,121



12.1.1.4 MOVEMENT IN NON-CURRENT ASSET VALUES PROPERTY, PLANT & EQUIPMENT DETAILS 2021-22

Owned Assets	Council House Assets	Other Land & Bldings	Infra-structure	Vehicle, Plant & Equip	Com'ty Assets	Heritage assets	Assets Under Const'n	Surplus Assets	Total Property Plant & Equip
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation At 31 March 2021	236,352	435,249	-	32,766	638	1,755	11,143	2,278	720,181
Additions	18,468	4,692	9,999	6,126	2	643	32,352	-	72,282
De-recognition / disposals	-	(1,378)	-	(1,887)	-	-	-	-	(3,265)
De-recognition – other (component)	-	-	-	-	-	-	-	-	-
Revaluation Acc Dep & Imp w/o to Gross Carrying Amount	(10,323)	(40,859)	-	-	-	(730)	-	(830)	(52,742)
Revaluations increases / (decreases) recognised in the Revaluation Reserve	18,907	87,356	-	-	-	12	-	869	107,144
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	27,005	7,489	-	-	-	-	-	16	34,510
Reclassifications – PPE & Investment	-	-	-	-	-	-	-	-	-
Reclassifications – (to) / from Held for Sale	-	(387)	-	-	-	-	-	(100)	(487)
Other Movements	(119)	3,016	-	-	(50)	-	(3,342)	495	-
At 31 March 2022	290,290	495,178	9,999	37,005	590	1,680	40,153	2,728	877,623
Depreciation & Impairments									
Depreciation	(79)	(8,784)	-	(14,415)	-	(12)	(358)	-	(23,648)
Impairment	(514)	(24,689)	-	(1,513)	(61)	(1,215)	(113)	(30)	(28,135)
At 31 March 2021	(593)	(33,473)	-	(15,928)	(61)	(1,227)	(471)	(30)	(51,783)
Depreciation Charge for 2021-22	(4,502)	(12,164)	(3,318)	(4,981)	-	-	-	(835)	(25,800)
Impairment Losses & Non-Enhancing Expenditure to Revaluation Reserve	(50)	(1,714)	-	-	-	-	-	-	(1,764)
Impairment Losses & Non-Enhancing Expenditure to Surplus/Deficit on the Provision of Services	(6,845)	(972)	(314)	(1,188)	(2)	(336)	(1,099)	-	(10,756)
Derecognition / Disposals:									
~ W/O Accumulated Depreciation	-	1,376	-	1,856	-	-	-	-	3,232
~ W/O Accumulated Impairment	-	-	-	-	-	-	-	-	-
Revaluations:									
~ W/O Accumulated Depreciation	3,989	23,416	-	-	-	12	-	799	28,216
~ W/O Accumulated Impairment	6,334	17,443	-	-	-	718	-	31	24,526
Reclassifications:									
~ Transfer Accumulated Depreciation b/fwd	-	(167)	-	-	-	-	152	15	-
~ Transfer Accumulated Impairment b/fwd	32	(1)	-	-	-	-	-	5	36
At 31 March 2022	(1,635)	(6,256)	(3,632)	(20,241)	(63)	(833)	(1,418)	(15)	(34,093)
Infrastructure NBV Bfwd*	9,085	-	125,406	-	-	-	-	-	134,491
Balance Sheet Amount at 31 March 2022	297,740	488,922	131,773	16,764	527	847	38,735	2,713	978,021
Balance Sheet Amount at 31 March 2021	244,844	401,776	125,406	16,838	577	528	10,672	2,248	802,889

* Restated in accordance with the Temporary Relief offered by the update to the Code on Infrastructure Assets



12.1.1.5 COMPARATIVE MOVEMENT IN NON CURRENT ASSET VALUES PROPERTY, PLANT & EQUIPMENT 2020-21

Owned Assets	Council House Assets	Other Land & Bldings	Infra-structure	Vehicle, Plant & Equip	Com'ty Assets	Heritage assets	Assets Under Const'n	Surplus Assets	Total Property Plant & Equip
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation At 31 March 2020	277,604	413,485	-	28,124	602	1,155	5,890	3,707	730,567
Prior Year Adjustment	(71,954)	(33)	-	-	-	-	-	-	(71,987)
Cost or Valuation At 1 April 2020	205,650	413,452	-	28,124	602	1,155	5,890	3,707	658,580
Additions	10,171	18,165	7,276	6,092	37	600	4,945	30	47,316
De-recognition / disposals	-	(7,983)	-	(1,450)	-	-	-	-	(9,433)
Revaluation Acc Dep & Imp w/o to Gross Carrying Amount	(23,238)	(25,602)	-	-	-	-	-	(1,357)	(50,197)
Revaluations increases / (decreases) recognised in the Revaluation Reserve	7,490	24,865	-	-	36	-	-	503	32,894
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	38,309	12,676	-	-	3	-	-	20	51,008
Reclassifications – (to) / from Held for Sale	(305)	(166)	-	-	(40)	-	-	(440)	(951)
Other Movements	-	(158)	35	-	-	-	308	(185)	-
At 31 March 2021	238,077	435,249	7,311	32,766	638	1,755	11,143	2,278	729,217
Depreciation & Impairments									
Depreciation	(14,535)	(19,485)	-	(12,020)	-	(12)	(249)	(766)	(47,067)
Impairment	(72,532)	(17,583)	-	(1,175)	(24)	(615)	72	(191)	(92,048)
At 31 March 2020	(87,067)	(37,068)	-	(13,195)	(24)	(627)	(177)	(957)	(139,115)
Prior Year Adjustment									
Depreciation	-	-	-	-	-	-	-	-	-
Impairment	71,987	-	-	-	-	-	-	-	71,987
Depreciation & Impairments									
Depreciation	(14,535)	(19,485)	-	(12,020)	-	(12)	(249)	(766)	(47,067)
Impairment	(545)	(17,583)	-	(1,175)	(24)	(615)	72	(191)	(20,061)
At 1 April 2021	(15,080)	(37,068)	-	(13,195)	(24)	(627)	(177)	(957)	(67,128)
Depreciation Charge for 2020-21	(3,840)	(9,438)	(3,318)	(3,719)	-	-	-	(585)	(20,900)
Impairment Losses & Non-Enhancing Expenditure to Revaluation Reserve	(51)	(7,884)	-	-	-	-	-	-	(7,935)
Impairment Losses & Non-Enhancing Expenditure to Surplus/Deficit on the Provision of Services	(5,073)	(12,177)	(87)	(350)	(37)	(600)	-	(31)	(18,355)
Derecognition / Disposals:									
~ W/O Accumulated Depreciation	-	6,600	-	1,324	-	-	-	-	7,924
~ W/O Accumulated Impairment	-	779	-	12	-	-	-	-	791
Revaluations:									
~ W/O Accumulated Depreciation	18,084	13,430	-	-	-	-	-	1,351	32,865
~ W/O Accumulated Impairment	5,155	12,176	-	-	-	-	-	7	17,338
Reclassifications:									
~ Transfer Accumulated Depreciation b/fwd	-	109	-	-	-	-	(109)	-	-
~ Transfer Accumulated Impairment b/fwd	-	-	-	-	-	-	(185)	185	-
At 31 March 2021	(805)	(33,473)	(3,405)	(15,928)	(61)	(1,227)	(471)	(30)	(55,400)
Infrastructure NBV Bfwd*	7,572	-	121,500	-	-	-	-	-	129,072
Balance Sheet Amount at 31 March 2021	244,844	401,776	125,406	16,838	577	528	10,672	2,248	802,889
Balance Sheet Amount at 31 March 2020	198,109	376,417	121,500	14,929	578	528	5,713	2,750	720,524

* Restated in accordance with the Temporary Relief offered by the update to the Code on Infrastructure Assets



12.1.1.6 HERITAGE ASSETS

Heritage Assets with a net carrying amount of £528k and £847k were held for 2020-21 and 2021-22 respectively. Further details of the Council's Heritage Assets can be obtained from the Pembrokeshire Museums and Archives Services.

12.1.2 FIXED ASSET DISPOSALS AND DE-RECOGNITIONS IN THE YEAR

The gross carrying value of assets disposed of in the year were :	2020-21 £000	2021-22 £000
Disposals		
Council Housing	305	-
Building Plots and Land	295	801
Other	1,469	-
Total Disposals	2,069	801
De-recognitions		
Other	7,965	3,265
Total De-recognitions	7,965	3,265

12.1.3 INTANGIBLE ASSETS

Certain externally purchased software packages are recognised as intangible assets in the Balance Sheet, having a net carrying amount of £39k and £100k for 2020-21 and 2021-22 respectively.

12.1.4 IFRS 13 FAIR VALUE MEASUREMENT – SURPLUS ASSETS

The fair value of the Council's surplus assets were £2.248m and £2.713m as at 31 March 2021 & 2022 respectively. Significant unobservable (Level 3) inputs were used to arrive at these valuations.

Valuation Techniques

The fair value of the Council's surplus property is measured annually at each reporting date. 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 and the CIPFA Code and guidance.

The appropriate valuation techniques were used during the year to value the Surplus assets for which sufficient data was available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The difference year on year is due to additional assets being declared surplus, terms being re-negotiated or sales not proceeding, disposals, therefore, more reliance has been placed on level 3 unobservable inputs.

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

Significant observable inputs – level 3

The Fair Value has been based on comparable evidence, external advice and similar sales agreed. Therefore, the level of unobservable inputs are significant, leading to the properties being categorised at Level 3 in the Fair Value hierarchy. Changes in market conditions will result in increases and decreases in the Fair Value.

Highest and Best Use of Surplus properties

In estimating the fair value of the Council's Surplus properties, the highest and best use of the properties has been considered.



12.1.5 CAPITAL EXPENDITURE AND FINANCING

12.1.5.1 CAPITAL EXPENDITURE IN YEAR

The amount of capital expenditure incurred in the year is shown in the table below together with the resources which have been used to finance it.

	2020-21 £000	2021-22 £000
Capital Expenditure Analysed by Services:		
Education	17,658	28,544
Social Services	2,814	752
Transport	7,097	11,023
Housing – H.R.A.	10,170	18,257
Housing – Council Fund	1,021	2,254
Culture & Related Services	1,443	4,629
Development	8,437	5,246
Environmental	1,095	2,054
Corporate	2,132	2,813
City Deal	-	2,588
	51,867	78,160
Assets Acquired Under Finance Leases in the Year	6	30
Capital Investment	51,873	78,190
Representing:		
Fixed Assets Property Plant & Equipment	47,316	72,282
Intangible Assets	22	168
Loans & Advances	1,253	658
Gross Revenue Expenditure Funded from Capital Under Statute	3,282	5,082
	51,873	78,190
Financed by:		
Loans/Supported Borrowing	555	6,526
Unsupported Borrowing/LGBI	394	4,601
Capital Grants & Other Contributions	41,815	62,140
General Fund Reserves & Receipts Applied	9,103	4,893
Finance Leases	6	30
	51,873	78,190



12.1.5.2 CAPITAL FINANCING REQUIREMENT

The capital financing requirement represents the external financing required, after taking into account grants, capital receipts and internal funds applied in respect the long-term capital investment made by the Council.

	2020-21 £000	2021-22 £000
Capital Financing Requirement as at 1 April	237,545	232,569
Movements in Year		
Increase/(Decrease) in Supported Borrowing (Local & Central Taxation)	(4,982)	4,080
Assets Acquired/Disposed of Under Finance Leases	6	30
Capital Finance Requirement as at 31 March	232,569	236,679
In Year Movement		
Capital Investment:		
Property Plant and Equipment	47,316	72,282
Intangible Assets	22	168
Loans & Advances	1,253	658
Revenue Expenditure Funded From Capital Under Statute	3,282	5,082
Total	51,873	78,190
Sources of Finance:		
Capital Receipts	(2,379)	(58)
Set Aside Capital Receipts	(297)	(131)
Government Grants and Other Contributions	(41,815)	(62,140)
Sums Set Aside From Revenue:		
- Direct Revenue Contribution	(6,724)	(4,835)
- Minimum Revenue Provision	(5,634)	(6,916)
	(56,849)	(74,080)
Increase/(Decrease) in Capital Financing Requirement	(4,976)	4,110

12.1.5.3 CAPITAL CONTRACT COMMITMENTS

The following represents amounts committed under major works contracts. £5.576m has been accrued in the 2021-22 accounts.

The major commitments under capital contracts at the 31 March are:	2020-21 £000	2021-22 £000
Education	37,334	12,724
Social Care	578	13
Transport	2,594	4,890
Housing – H.R.A.	8,346	5,241
Housing – Council Fund	193	498
Culture & Related Services	978	1,132
Development	6,282	3,332
Environmental	1,551	1,259
Corporate	2,285	218
	60,141	29,307



Delivery of the capital programme for 2021-22 improved with major schemes still on going. Education commitments have reduced primarily due to the 21st Century Schools Band B programme progression. Work on Haverfordwest High School intensified during 2021-22 with the school opening in September 2022.

12.2 PRIVATE FINANCE INITIATIVE

12.2.1 P.F.I. ARRANGEMENTS

The Council worked with Local Partnerships in respect of terminating the Council's sole PFI contract, serving a 12 month termination notice on the Pembroke Dock PFI contract on 27 July 2020. The contract terminated on 27 July 2021 at a cost of £4.854m.

12.2.2 PFI TRANSACTIONS

12.2.2.1 MOVEMENT IN PFI ASSET VALUES

The value of the former PFI asset included within the Other Land and Buildings category on the Balance Sheet is £11.495m.

12.2.2.2 VALUE OF PFI LIABILITY

	2020-21 £000	2021-22 £000
Liability		
Balance Sheet Amount at 1 April	(6,129)	(5,814)
Capital Element Repaid	315	5,814
Balance Sheet Amount at 31 March	(5,814)	-

12.2.2.3 PFI LIFECYCLE COST PREPAYMENT

	2020-21 £000	2021-22 £000
Prepayment		
Balance Sheet Amount at 1 April	(1,731)	(1,919)
Lifecycle Payment In Year	(269)	(90)
Lifecycle Non-Enhancing Expenditure In Year	81	76
Write Out of PFI Liability	-	1,933
Balance Sheet Amount at 31 March	(1,919)	-

12.2.2.4 OBLIGATIONS RELATING TO PFI ASSETS

No obligations exist following the buy out of the PFI asset on 27 July 2021.



12.3 LEASE AND LEASE TYPE ARRANGEMENTS

12.3.1 COUNCIL AS LESSEE

The Council has acquired various assets under finance leases which are reported under Property, Plant and Equipment in the Balance Sheet.

The Council has operating lease commitments of £513k and £490k for 2020-21 and 2021-22 respectively.

The minimum lease payments due under Finance Lease arrangements are £929k and £932k at 31 March 2021 and 31 March 2022 respectively.

12.3.2 COUNCIL AS LESSOR

The Council has a gross investment in property it leases out comprising of the minimum lease payments expected to be received over the remaining lease terms and the residual value anticipated for the properties when the leases come to end.

Finance lease debtors are not material as consideration payments totalling £890k were made at the inception of the agreements. No liability is therefore outstanding.

Anticipated receipts from operating leases running up to 999 years is £14,637k.

Receipts Due	Payments Receivable 2022-23 £000	Payments Recievable 2023/24 - 2026/27 £000	Payments Receivable Post 2027 £000	Total £000
Finance Leases				
Gross investment in leases	-	-	-	-
Minimum lease receipts*	-	-	14	14
Operating Leases				
Minimum aggregate lease payments	1,630	2,834	10,173	14,637

* Finance lease income is based on peppercorn rentals received over a period of ~999 years.

12.4 INVENTORIES

The Council did not undertake any construction contracts for third parties during the year.

	Building & Engineering Stores £000	Culture Environ & Planning £000	Catering £000	Other £000	Total £000
Balance at 31 March 2021	781	515	102	28	1,426
Purchases	3,607	580	1,418	328	5,933
Recognised as an expense in year	(3,431)	(743)	(1,401)	(297)	(5,872)
Balance at 31 March 2022	957	352	119	59	1,487



12.5 INVESTMENTS

The investments are shown in the Balance Sheet at amortised value which allows for equalisation of the return on the principal sum over the life of the investment.

The market (fair) value reflecting the proceeds if the investments had been realised at 31 March 2022 was £73.8m. The corresponding fair value of investments at 31 March 2021 was £58.1m.

Fair Value has been calculated using the Net Present Value (NPV) approach which provides an estimate of payments in the future in today's terms.

The Council does not hold the following categories of financial assets – “available-for-sale” or “at fair value through profit and loss”.

Investments (Loans & Receivables)	Amortised Value	Maturity Value			Interest Accrued in Year	Amortised Value	Fair Value
		31 March 2021	1 April 2021	Move- ment In Year			
	£000	£000	£000	£000	£000	£000	£000
Short Term (under 12 months)							
Money Market	49,049	49,033	24,505	73,538	46	73,584	73,584
	49,049	49,033	24,505	73,538	46	73,584	73,584
Cash Equivalent							
Money Market	9,032	9,032	(8,814)	218	-	218	218
Total Investments	58,081	58,065	15,691	73,756	46	73,802	73,802

12.6 DEBTORS AND CREDITORS

12.6.1 DEBTORS AND PREPAYMENTS

All amounts included as assets are shown at market (fair) value.

	Net 1 April 2021*	Gross 31 March 2022	Impairment Allowance	Net 31 March 2022
	£000	£000	£000	£000
Amounts falling due after one year:				
Mortgages	-	-	-	-
Other Loans	3,574	3,517	-	3,517
Debts Against Estates*	1,594	1,183	-	1,183
	5,168	4,700	-	4,700
Amounts falling due in one year:				
Trade Receivables*	14,415	20,333	(2,211)	18,122
Prepayments*	3,535	2,811	-	2,811
Other Receivable Amounts*	48,186	70,452	(11,239)	59,213
	66,136	93,596	(13,450)	80,146

* Prior year restated & reclassified

The increase in debtors and prepayments is primarily due to the impact that Covid 19 has had upon the general economy.



12.6.2 CREDITORS & SHORT-TERM BORROWING

The fair value of trade and other payables is taken to be the invoiced or billed amount.

	Balance 31 March 2021				Balance 31 March 2022			
	Short Term Creditors	Revenue Grants Receipts in Advance	Capital Grants Receipts in Advance	Total Creditors	Short Term Creditors	Revenue Grants Receipts in Advance	Capital Grants Receipts in Advance	Total Creditors
	£000	£000	£000	£000	£000	£000	£000	£000
Amounts falling due in one year:								
Trade Payables	(21,617)	(265)	(6,759)	(28,641)	(33,435)	-	(8,448)	(41,883)
Other Payables	(22,973)	(3,004)	(6,813)	(32,790)	(18,710)	(3,277)	(10,655)	(32,642)
	(44,590)	(3,269)	(13,572)	(61,431)	(52,145)	(3,277)	(19,103)	(74,525)
Loan Interest Loans Maturing within One Year				(1,079)				(1,047)
				(1,692)				(1,194)
Total Creditors				(64,202)				(76,766)

The increase in short term creditors has a number of contributory factors, including timing differences for payments due for Welsh Government Agency arrangements, Capital projects and Homelessness block bookings offset by the write out of the PFI liability.

12.6.3 GRANTS RECEIPTS IN ADVANCE

These are grants that have been received in advance and cannot be applied until the terms of the grant have been complied with when the grant will be recognised as income.

	Balance at 1 April 2021	Applied in Year Conditions Met	Received In Year Conditions Outstanding	Balance at 31 March 2022
	£000	£000	£000	£000
Current Liability:				
Revenue Grants				
· General Fund	(3,269)	3,269	(3,277)	(3,277)
· HRA	-	-	-	-
Capital Grants				
· General Fund	(13,572)	1,859	(7,390)	(19,103)
· HRA	-	-	-	-
Total	(16,841)	5,128	(10,667)	(22,380)

A breakdown of the Grants Receipts in Advance is highlighted in the tables below:

Capital Grants Receipts in Advance	2020-21 £000	2021-22 £000
Current Liabilities		
WG - Home Improvements	(1)	(1)
WG - Town Centre	(3,628)	(3,204)
WG - Withybush Food Park	(1,757)	(2,964)
WG - Additional General Capital Grant	-	(2,959)
Contribution to Group Repair Schemes	(185)	(185)
S106 Developers Contributions	(5,809)	(6,686)
Other Capital Grants & Contributions	(2,192)	(3,104)
Total Current Liabilities Capital Grants Receipts in Advance	(13,572)	(19,103)



Revenue Grants Receipts in Advance	2020-21 £000	2021-22 £000
Current Liabilities		
Education	(560)	(1,005)
Children & Adult Social Services	(311)	(680)
Community Services*	(515)	(1,543)
Central & Corporate Services	(1,860)	(26)
General Fund Housing & HRA	(23)	(23)
Total Current Liabilities Revenue Grants Receipts in Advance	(3,269)	(3,277)

* Community Services include Culture, Environment, Planning, Highways & Transport Services

12.7 CASH AND CASH EQUIVALENT

	Balance 31 March 2021 £000	Balance 31 March 2022 £000
Cash at bank / in hand	(1,908)	782
Bank Call Accounts	9,032	218
Cash overdrawn	-	-
Total Cash and Cash Equivalents	7,124	1,000

12.8 ASSETS HELD FOR SALE

	2020-21 £000	2021-22 £000
Balance outstanding at start of year	-	350
Assets classified as Held for Sale during year	951	451
Revaluation gains / losses	-	-
Assets sold	(601)	(801)
Balance outstanding at end of year:	350	-

12.9 PROVISIONS AND CONTINGENT LIABILITIES AND ASSETS

12.9.1 PROVISIONS

The Council undertakes a degree of self-insurance and annually contributes an amount to the provision to meet the cost of claims settled.

	2020-21			2021-22		
	Insurance £000	Other £000	Total £000	Insurance £000	Other £000	Total £000
Brought Forward at 1 April	(1,984)	-	(1,984)	(2,446)	-	(2,446)
Cost of Claims Charged To Services	440	-	440	537	-	537
Less : External Reimbursement	(9)	-	(9)	(17)	-	(17)
Other	-	-	-	-	-	-
Charged To Provision	431	-	431	520	-	520
Contributions & Transfers In Year	(893)	-	(893)	(492)	-	(492)
Balance Carried Forward at 31 March	(2,446)	-	(2,446)	(2,418)	-	(2,418)



12.9.2 CONTINGENT LIABILITIES

- Mutual Municipal Insurance ceased writing insurance business on 30 September 1992 and an arrangement was put in place in 1994 to ensure an orderly run off. In the event of it becoming clear that a solvent run off was unlikely to be achieved, it was identified that a Scheme of Arrangement would be triggered which would pass some of the liability to repay old claims to the Council.

The Scheme was triggered on 13 November 2012 and the Authority has paid levies totalling £343,000 to date under the scheme. Further levy increases may be required but the liability is not certain, this element has not been included in the accounts, and is not expected to be material.

- For a decade the Authority has acted as a collection agent on behalf of Dwr Cymru in respect of Housing Revenue Account (HRA) Tenants water and sewerage charges. In return for this service the Authority has received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling during 2015-16 (Kim Jones versus London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. Traditionally this has been viewed as an agency arrangement, but the Court ruling concludes that the Authority concerned was acting as a water supplier, which has significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. On 27 October 2020 in The Mayor & Burgesses of the Royal Borough of Kingston-Upon-Thames v Moss [2020] EWCA Civ 1381 the Court of Appeal upheld a High Court ruling in favour of a Council tenant who alleged his local authority landlord was unlawfully overcharging its tenants for their water supplies. In order to limit this potential liability, the Council entered into a new agreement with the water supplier from 1 April 2017, which ensures that it is acting as an agent. The arrangement with Welsh Water will terminate on 31 March 2023.
- The Council is working collaboratively with the fire service to mitigate the fire tolerance levels at some of its low level blocks of flats, some are leased and others are within the HRA portfolio. Mitigation work is ongoing as flats become vacant. There is the potential for this to be a material issue for the HRA, as it could encompass 122 front doors and 30 cupboard doors totalling £150k.
- Breach of contract claim relating to an Inter-Authority Agreement between Pembrokeshire County Council and Ceredigion County Council and Pembrokeshire County Council decision to terminate a residual waste service contract. There is a potential compensation claim of £1.45m.

12.9.3 CONTINGENT ASSETS

None.

12.10 LONG TERM BORROWING

12.10.1 ANALYSIS OF LOAN TRANSACTIONS IN YEAR

Under the relevant financial reporting standards, in order to ascertain the amortised value of the loan portfolio as reported in the Balance Sheet, the maturity value of loans is adjusted to take account of accrued interest due and a financial adjustment is made to smooth out the effect of any stepped interest or premiums and discounts.



Amortised Value	2020-21	Market Loans	WG	PWLB	2021-22
	£000	£000	£000	£000	£000
Maturity Value	(202,932)	(40,000)	(1,890)	(160,848)	(202,738)
Financial Adjustment Account Entries					
Effective Interest Rate Adjust					
• Prior years	(478)	(563)	84	-	(479)
• Current year	(1)	4	93	-	97
Deferred Liabilities Account Entries					
Discounts Transferred	(200)	(200)	-	-	(200)
Less Discount write down					
• Prior years	23	25	-	-	25
• Current year	1	2	-	-	2
Council Fund Account Entries					
Effective Interest Rate w/off	(8)	(8)	-	-	(8)
Amortised Value	(203,595)	(40,740)	(1,713)	(160,848)	(203,301)

12.10.2 COMPARISON OF MATURITY VALUE AND FAIR VALUE

The fair value is an estimate of what the loan portfolio would cost to redeem as at 31 March 2022. Fair Value has been calculated using the Net Present Value (NPV) approach which provides an estimate of payments in the future in today's terms. The PWLB debts has been valued using the new borrowing rate.

Maturity Value and Fair Value	2020-21	Market Loans	WG	PWLB	2021-22
	£000	£000	£000	£000	£000
Maturity Value As at 1 April					
Long Term Borrowing	(204,348)	(40,000)	(1,052)	(161,880)	(202,932)
Short Term Borrowing	(8,437)	-	(162)	(1,530)	(1,692)
Total Borrowing	(212,785)	(40,000)	(1,214)	(163,410)	(204,624)
Repaid in Year	8,456	-	162	1,530	1,692
Raised in Year	(295)	-	(1,000)	-	(1,000)
As at 31 March					
Long Term Borrowing	(202,932)	(40,000)	(1,890)	(160,848)	(202,738)
Short Term Borrowing	(1,692)	-	(162)	(1,032)	(1,194)
Total Borrowing	(204,624)	(40,000)	(2,052)	(161,880)	(203,932)
Change in amount due in less than 1 year	6,745	-	-	498	498
Fair Value	(299,854)	(62,067)	(1,736)	(210,247)	(274,050)

The Council does not hold financial liabilities at fair value through profit and loss.

The Authority has used a transfer value as the method for calculating the fair value of its financial liabilities at the 31 March 2022. However for comparison calculating fair value using exit pricing would have resulted in a value of £321.35m calculated on an early repayment discount rate method. The Authority has no contractual obligations to pay these penalty costs and would not incur any additional cost if the loans run to their maturity date.



An analysis of the debt portfolio by maturity value by lender and by maturity profile at 31 March 2022 is shown within note 12.13.3.2.

12.11 DEFERRED LIABILITIES

These are liabilities that will not be settled within a twelve month period.

	Balance at 1 April 2021 £000	Incurred In Year £000	Released In Year £000	In Year PV Adjustment £000	Balance at 31 March 2022 £000
S. Care Debts Against Estates*	(1,593)	(1,326)	1,711	26	(1,182)
Private Finance Initiative (PFI)	-	-	-	-	-
Finance Leases (Property)	(160)	-	-	-	(160)
Finance Leases (Equipment)	(10)	(29)	10	-	(29)
Total	(1,763)	(1,355)	1,721	26	(1,371)

* Includes prior year adjustment

12.12 USABLE RESERVES

	2020-21 £000	2021-22 £000
Earmarked Reserves (see note 11.2.1)	(66,261)	(90,263)
Capital Receipts and Contributions (see note 11.2.2)	(11,867)	(13,292)
Total	(78,128)	(103,555)

12.13 UNUSABLE RESERVES

The transactions in the unusable reserve accounts are summarised below followed by detail for each reserve account.

	Balance at 1 April 2021 £000	Movement in Year £000	Balance at 31 March 2022 £000
Deferred Capital Receipts Reserve	-	-	-
Capital Adjustment Account	(417,003)	(70,047)	(487,050)
Revaluation Reserve	(157,482)	(100,601)	(258,083)
Financial Instruments Adjustment Account	633	(184)	449
Accumulated Absences Account	1,476	333	1,809
Pensions Reserve	265,064	(31,150)	233,914
PFI Lifecycle Reserve	(1,919)	1,919	-
Unusable Reserves Total	(309,231)	(199,730)	(508,961)

12.13.1 CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

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



	2020-21 £000	2021-22 £000
Balance 1 April	(349,899)	(417,003)
Amounts Set Aside To Repay Debt		
- Minimum Revenue Provision	(5,634)	(6,916)
- Reserved Capital Receipts	(297)	(131)
Financing of Expenditure on Fixed Assets:		
- Capital Fund applied	(5,241)	(3,395)
- Other Funds applied	(1,483)	(1,440)
- Capital Receipts applied*	(2,379)	(58)
- Capital Grants & Contributions credited to CI&E applied to capital financing	(38,534)	(57,105)
- Capital Grants Unapplied Account Applied		
Income & Expenditure Statement Charges:		
- Write down of Net Revenue Expenditure Funded from Capital Under Statute	-	47
- Amount Provided for Depreciation	21,097	25,907
- Non-Enhancing Expenditure	14,258	10,264
- Impairment	4,097	492
- Revaluation Loss	3,928	6,513
- Revaluation Gain used to reverse previous Revaluation Loss	(54,936)	(41,023)
- Write down of Deferred Liability	1,242	744
Fixed Asset Movements:		
- Disposals	1,320	833
Revaluation Reserve Movements:		
- Amounts written off	(4,542)	(4,779)
Balance Carried Forward 31 March	(417,003)	(487,050)

* Correction of 2020-21 classification error

12.13.2 REVALUATION RESERVE

The Revaluation Reserve was established in April 2007 and accounts for increases in the value of Property, Plant and Equipment; gains prior to 1 April 2007 were accounted in the Capital Adjustment Account. The balance is reduced when assets with accumulated gains in the reserve:

- suffer a downward revaluation or are impaired
- are depreciated as their economic benefit is consumed
- are disposed of and the gain is realised



	2020-21 £000	2021-22 £000
Balance Brought Forward at 1 April	(137,065)	(157,482)
Revaluation Gains	(34,936)	(108,909)
Downward revaluation and impairment*	9,977	3,529
Surplus/Deficit on revaluation of non-current assets not charged to the surplus/deficit on the provision of services	(24,959)	(105,380)
Write off excess current value depreciation over historical cost depreciation	4,230	4,420
Write off balance re asset disposals	312	359
Total Written Off	4,542	4,779
Balance Carried Forward at 31 March	(157,482)	(258,083)

* Where there is no previous valuation gain, losses are charged to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement

12.13.3 FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

This account contains the differences between the maturity value of investments and borrowing and the Balance Sheet value measured on an amortised cost basis.

It is also used to manage premiums paid and discounts received on the early redemption of loans which are charged / released over time to the General Fund in accordance with statutory arrangements for spreading the burden on Council Tax.

	2020-21 £000	2021-22 £000
Balance 1 April	719	633
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the Council Fund Balance		
Effective interest rate adjustment	1	(97)
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining the Movement on the Council Fund Balance for the year		
Write down of deferred premiums	(87)	(87)
Balance 31 March	633	449



12.13.3.1 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council approves annually in advance of each financial year Treasury Management and Investment Strategies which set out limits and criteria for borrowing and investment for the following financial year with the aim of minimising the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. No investment or borrowing limits were exceeded during the financial year.

The economic impact of the Covid-19 pandemic, Brexit and more recently the war in Ukraine presents challenges to the financial services industry and its institutions. No additional borrowing has been required however the Money Market Funds have been utilised to strengthen liquidity, whilst ensuring security and yield.

Credit Risk

This is the risk of failure by a third party to meet its contractual obligations under an investment, borrowing or other sources of project financing. The risk is minimised through the Annual Treasury and Investment Strategies.

Investment Credit Risk

It is the policy of the Council to place deposits only with a limited number of high quality Banks and Building Societies, whose credit ratings are constantly reviewed by the Council using independent market data provided by the Council's Treasury Advisers. The amounts invested are restricted to prudent and affordable amounts as set out in the approved Strategy. No collateral is held for these transactions.

The credit quality of the counterparties is regarded as being at the lower end of the risk rankings, however, as the banking crisis has shown, credit ratings cannot always be relied upon. Nonetheless, there has been no renegotiation of terms with counterparties and the Council expects full repayment, including all interest earned on the due date of all deposits placed with its counterparties, accordingly there is no impairment to report.

Credit Exposures

The Council constantly reviews its credit income collection performance and ensures it has made sufficient allowance for any bad debts that might occur.

The overdraft facility the Council has in place with its bankers is very rarely utilised and the credit risk exposure is extremely low.

Liquidity Risk

This is the possibility that a third party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.

The Council has on-line access to monitor its bank transactions and prepares detailed daily, weekly and yearly cash flow forecasts which should ensure that cash shortfalls do not occur.

In any event the Council can borrow from the Public Works Loans Board as well as having in place an agreed overdraft facility with its bankers. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial loan instruments or any other liability.

Market Risks

This is the possibility that the value of an instrument will fluctuate. The key market risks identified are:



Interest Rate Risk

The Council is exposed in the following way to the uncertainty of interest paid/received on variable rate instruments and in respect of any new borrowing required and investments made in any year:

- The Council maintains a significant debt and investment portfolio. To limit re-financing risk the Council's policy is to try and ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. Where, because of an inherited debt position, this is more difficult an optimum time for refinancing will be sought.
- Changes in interest rates will not impact on the Balance Sheet for the majority of assets and liabilities held at amortised cost, but will impact on those held at fair value. The fair value of fixed rate financial assets will fall if interest rates rise and the fair value of fixed rate financial liabilities will rise if interest rates fall.
- Increases in rates will potentially increase investment income and the cost of borrowing and vice versa. The extent at any one time depends upon the composition and maturity profile of the investment and loans portfolios and the relativity of borrowing and investment rates. If interest rates had been 1% higher at 31 March 2022 the net financial effect would be increased interest income of £562k.

Price Risk

The Councils Treasury Management Strategy allows the Authority to invest in money market funds up to the approved limits. Robust monitoring ensures any adverse market price exposure is minimised.

Foreign Exchange Risk

The Council has the following exposure to movement in exchange rates:

- The Council has two grant aided schemes where the grant is denominated in Euros, Bucanier and Ancient Connections. A Euro Bank account is open to support these scheme. The Council is the lead body for both grants in which the grants are claimed in euros for all parties, including Pembrokeshire. Although the Council redistributes the grant received to all parties in euros the Council is exposed to exchange risk on their remaining element. There was no balance on the Euro account as at 31 March 2022.
- As set out in The Treasury Management Governance Arrangements the Council acknowledge their pursuit for "Value for Money" for all their treasury activities and in addition there is a project risk register. As at the 31 March 2022 there was a debtor of £505k relating to grant outstanding, therefore the exchange rate risk is immaterial.



12.13.3.2 ANALYSIS OF LOANS PORTFOLIO AT MATURITY VALUE BY LENDER AND BY MATURITY

Profile at 31 March 2022

Due for Redemption Within:	1 Year £000	1-2 Years £000	2 to 5 Years £000	5 to 10 Years £000	Over 10 Years £000	Total 2021-22 £000
Market Loans	-	-	-	-	40,000	40,000
WG	162	224	861	805	-	2,052
PWLB	1,032	12,034	6,580	22,234	120,000	161,880
Total	1,194	12,258	7,441	23,039	160,000	203,932
Fixed rate	1,194	12,258	7,441	23,039	145,000	188,932
Variable rate	-	-	-	-	15,000	15,000
Total	1,194	12,258	7,441	23,039	160,000	203,932

12.13.3.3 ANALYSIS OF INVESTMENT PORTFOLIO AT MATURITY VALUE BY CREDIT EXPOSURE AND BY MATURITY PROFILE AT 31 MARCH 2022

Due for Realisation Within :	1 Year £000	2 Years £000	5 Years £000	Total 2021-22 £000
Specified Investments (duration when made less than 364 days)				
Banks & Building Societies	73,756	-	-	73,756
Local Authorities	-	-	-	-
Non Specified (duration when made greater than 364 days)				
	-	-	-	-
Total	73,756	-	-	73,756
Fixed rate	25,000	-	-	25,000
Variable rate (Call Accounts/MMF)	48,756	-	-	48,756
Total	73,756	-	-	73,756

12.13.4 ACCUMULATED ABSENCES ACCOUNT

This account represents the cost of paid absence entitlement due but not taken at 31 March which is charged to the cost of services in the Comprehensive Income and Expenditure Statement and is reversed out in the Movement in Reserves Statement and charged to this account to comply with statutory requirements.

	2020-21 £000	2021-22 £000
Balance 1 April	1,716	1,476
Settlement or cancellation of preceding year's accrual	(1,716)	(1,476)
Accrual for current year	1,476	1,809
Balance 31 March	1,476	1,809



12.13.5 PFI LIFECYCLE RESERVE

This reserve comprises of an amount to reflect the prepayment made to the PFI contractor in respect of life cycle costs which remains unused at 31 March 2022. As a result of the PFI termination on 27 July 2021 the reserve is no longer required. For details see note 12.2.

12.13.6 PENSIONS RESERVE

The Pensions Reserve relates to the Dyfed Pension Scheme (see note 10.4) and 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 debit balance on the Pensions Reserve reflects the shortfall at a point in time between the benefits earned by past and current employees and the resources in terms of pension fund assets required to meet them. The statutory arrangements for managing the Fund should ensure that funding will have been set aside by the time the benefits come to be paid.

	2020-21 £000	2021-22 £000
Balance 1 April	251,238	265,064
Remeasurements of Pension Liabilities and Assets	(5,040)	(58,052)
Reversal of items chargeable to the surplus/ deficit on the provision of services in the Comprehensive Income and Expenditure Statement	33,875	42,891
Employers pension contributions and other direct payments in the year	(15,009)	(15,989)
Balance 31 March	265,064	233,914



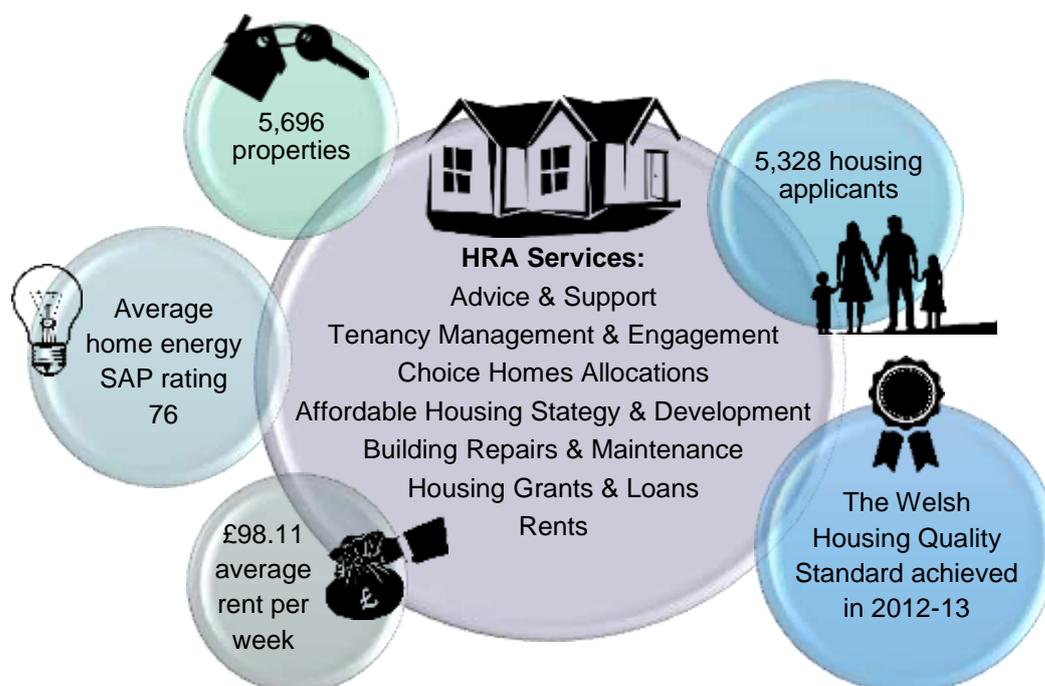


13.0 HOUSING REVENUE ACCOUNT (HRA)



13.0 HOUSING REVENUE ACCOUNT (HRA)

Transactions relating to Council Housing are shown below in accordance with the Code requirements.



13.1 MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

This Statement shows the adjustment made to the (Surplus)/Deficit on the HRA Income and Expenditure Statement, as measured under IFRS, to ensure that only the costs required by statute are charged to tenants.

	2020-21		2021-22	
	HRA Working Balance £000	Earmarked HRA Reserves £000	HRA Working Balance £000	Earmarked HRA Reserves £000
Balance 1 April	(752)	(5,597)	(752)	(10,621)
(Surplus) / Deficit On HRA Services	(45,508)	-	(38,501)	-
Adjustments between Accounting Basis and Regulatory Funding Basis.				
Amounts included in HRA Income and Expenditure required by regulation to be excluded to arrive at the funding position				
- Depreciation, impairment & revaluation of Council dwellings & infrastructure	29,229	-	15,153	-
- Capital Grants treated as revenue income	5,393	-	15,388	-
- Net gain or loss on disposal of non-current assets	2	-	130	-
- Pension Cost Adjustment	(1,639)	-	(2,047)	-
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position:				
- Provision for repayment of debt	1,545	-	1,545	-
- Revenue contribution to finance capital	4,756	-	2,850	-
- Employer's contribution to the Dyfed Pension Fund	688	-	735	-
Net (Increase) / Decrease Before Transfers (To) / From Reserves	39,974	-	33,754	-
Transfers (To)/ From Reserves	5,534	(5,024)	4,747	(3,065)
(Increase) / Decrease In Year	45,508	(5,024)	38,501	(3,065)
Balance 31 March	(752)	(10,621)	(752)	(13,686)



13.2 HRA INCOME AND EXPENDITURE STATEMENT

This statement shows the adjustments from the account used for resource allocation and rent setting purposes to that showing the economic cost, as defined by International Financial Reporting Standards, of providing the Council Housing Services administered by the Council.

	2020-21			2021-22		
	Rent Setting	Adjusts	IFRS Report	Rent Setting	Adjusts	IFRS Report
	£000	£000	£000	£000	£000	£000
Income						
Rents: Dwellings (gross)	(24,400)	-	(24,400)	(24,900)		(24,900)
Other	(370)	-	(370)	(371)		(371)
Charges for services and facilities	(353)	-	(353)	(384)		(384)
Contributions towards expenditure	(533)	(12)	(545)	(599)	(3)	(602)
Total Income	(25,656)	(12)	(25,668)	(26,254)	(3)	(26,257)
Expenditure						
Repairs and maintenance (Pensions IAS19 adj)	5,943	251	6,194	8,735	401	9,136
Supervision and management (Pensions IAS19 adj)	4,167	404	4,571	4,755	648	5,403
Rents, rates, taxes & other charges	25	-	25	15	-	15
Bad debt provision	607	-	607	702	-	702
Depreciation, impairment & revaluation movements of non current assets	-	(29,229)	(29,229)	-	(15,153)	(15,153)
Debt management costs	10	-	10	10	-	10
Total Expenditure	10,752	(28,574)	(17,822)	14,217	(14,104)	113
HRA services share of corporate and democratic core	78	-	78	78	-	78
HRA Services share of non distributed costs	-	-	-	-	-	-
Net Cost / (Income) of HRA Services	(14,826)	(28,586)	(43,412)	(11,959)	(14,107)	(26,066)
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement						
Interest receivable	(11)	-	(11)	(23)	-	(23)
Minimum Revenue Provision	1,545	(1,545)	-	1,545	(1,545)	-
Interest payable (including debt redemption premiums and discounts)	3,002	-	3,002	2,840	-	2,840
Appropriations to Reserves	10,290	(10,290)	-	7,597	(7,597)	-
(Gains)/Loss on HRA assets	-	10	10	-	(127)	(127)
Major Repairs Allowance & Other Grants	-	(5,393)	(5,393)	-	(15,388)	(15,388)
Pensions interest costs and expected rate of return	-	296	296	-	263	263
(Surplus) / Deficit for Year on HRA Services	-	(45,508)	(45,508)	-	(38,501)	(38,501)



13.3 NOTES TO THE HRA STATEMENTS

13.3.1 HOUSING STOCK

The Council was responsible for the maintenance and management of an average stock of 5,668 dwellings and 1,075 shops and garages in 2021-22 comprising of:

	Stock at 1 April 2021	Additions	Transfers	Sales / Demolitions / Reconfigurations	Stock at 31 March 2022
Houses / Bungalows	4,358	53	-	1	4,410
Bedsits and Flats	1,282	4	-	-	1,286
Shops and Garages	1,075	-	-	-	1,075
Pumping Stations & Treatment Works	27	-	-	-	27
Total Stock	6,742	57	-	1	6,798

Note: HRA disposals are transferred to Held for Sale prior to sale but are shown as Sales in this note.

13.3.2 RENTS – DWELLINGS

This is the total rent income due for the year after an allowance has been made for empty properties etc.

Council House rents were increased by 1.5% (CPI 0.5% + 1%) plus increases of up to 50p per week (52 weeks) where properties are not at target rent levels, collected over 48 weeks, with effect from 5th April 2021.

For new build / acquisitions of general needs houses and void properties where significant energy efficiency improvement measures have been made, that a Living Rent level be charged to align with rent levels in equivalent general needs RSL properties in the county.

The average opening un-rebated rent collectable being £87.43. Individual rent increases applied varied between £0.87 and £2.25 per week (52 weeks). In addition to annual rent increases, properties which become void are re-let at target rent levels, this has a considerable impact on average rent level calculations, due to the high number of voids each year, and should be taken into consideration when looking at the comparative figures for 2020-21 which are 2.7% (CPI plus 1%) plus transitional variable increases of up to 70p per week (52 weeks) and £85.22 respectively.

Tenants & Former Tenants	2020-21 £000	2021-22 £000
Gross Arrears	2,457	2,969
Bad Debt Allowance*	(1,826)	(2,535)
Net Arrears at 31 March	631	434

* Includes prior year adjustment

13.3.3 SERVICES CHARGES

Welsh Government require Service Charges to be de-pooled from rents. During 2021-22 tenants were charged for all services received with the exception of Grounds maintenance services. Individual tenants were charged between £0.13 and £34.49 per week. 1,076 PCC tenants were charged for services with the average weekly charge being £5.08 per week (52 weeks). The number of properties reduced in 2020-21 and 2021-22 due to the decommissioning of several properties in readiness for the Capital New Build Programme.



13.3.4 VALUATION OF HRA ASSETS

Council Housing is included in the Balance Sheet on the basis of existing use for social housing which shall be derived by discounting the market value by a factor reflecting the difference between commercial and social rents.

13.3.4.1 HRA ASSET PURCHASE

In 2021-22 there was no HRA Land purchased. The HRA did purchase 57 properties to supplement the existing stock holding of Council Houses to meet housing needs.

Property Plant & Equipment

Owned Assets	Council Housing £000	Other HRA Land & Buildings £000	Infra-structure £000	Council Housing Assets £000	AUC* £000
Cost or Valuation					
At 1st April 2021	299,658	13,550	-	313,208	-
Prior Year Adjustment	(76,755)	(101)	-	(76,856)	-
At 1st April 2021	222,903	13,449	-	236,352	-
Additions	15,594	1,071	1,803	18,468	428
Derecognition - disposals	-	-	-	-	-
Derecognition - other	-	-	-	-	-
Revaluation Acc Dep & Imp w/o to GCA	(10,323)	-	-	(10,323)	-
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	18,907	-	-	18,907	-
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	27,005	-	-	27,005	-
Reclassifications - PPE & Investment	-	-	-	-	-
Reclassifications - Held for Sale	-	-	-	-	-
Reclassifications - Other	-	(119)	-	(119)	119
At 31st March 2022	274,086	14,401	1,803	290,290	547
Depreciation & Impairments					
Depreciation	(80)	1	-	(79)	-
Impairment	(77,235)	(135)	-	(77,370)	-
At 1st April 2021	(77,315)	(134)	-	(77,449)	-
Prior Year Adjustment	76,849	7	-	76,856	-
At 1st April 2021	(466)	(127)	-	(593)	-
Depreciation Charge for 2021-22	(4,002)	(246)	(254)	(4,502)	-
Impairment Losses to RR	(16)	(34)	-	(50)	-
Impairment Losses to Surplus/Deficit on the Provision of Services	(6,735)	(110)	-	(6,845)	(386)
Disposals:	-	-	-	-	-
~ W/O Accumulated Depreciation	-	-	-	-	-
~ W/O Accumulated Impairment	-	-	-	-	-
Revaluations	-	-	-	-	-
Revaluation Acc Dep w/o to GCA	3,989	-	-	3,989	-
Revaluation Acc iMP w/o to GCA	6,334	-	-	6,334	-
Reclassifications	-	-	-	-	-
~ Transfer Accumulated Depreciation b/fwd	-	-	-	-	-
~ Transfer Accumulated Impairment b/fwd	-	32	-	32	(32)
At 31st March 2022	(896)	(485)	(254)	(1,635)	(418)
Infrastructure NBV Bfwd*	-	-	9,085	9,085	-
Balance Sheet Amount at 31st March 2022	273,190	13,916	10,634	297,740	129
Balance Sheet Amount at 1st April 2021	222,343	13,416	9,085	244,844	-

* Restated in accordance with the Temporary Relief offered by the update to the Code on Infrastructure Assets



13.3.5 HRA CAPITAL EXPENDITURE AND RECEIPTS

Total Capital Expenditure Funded by:	2020-21 £000	2021-22 £000
Major Repairs Allowance Grant	3,987	3,993
Capital Grants & Contributions	1,428	11,625
Capital Receipts	-	-
Capital Fund	4,756	2,850
Total	10,171	18,468
Receipts From Asset Disposals	(315)	(131)

13.3.6 HRA PENSION COSTS

HRA pension contributions of £1.049m from the Pension Reserve were made in accordance with Accounting Policy 8.8 as set out in the Statement of Accounting Policies.





14.0 OTHER ACCOUNTS PREPARED OR CONTROLLED BY THE COUNCIL



14.0 OTHER ACCOUNTS PREPARED OR CONTROLLED BY THE COUNCIL

The Council operates trust funds for Education & Children's Services, Social Care, Tenby Swimming Pool and Welsh Church Act Fund representing total accumulated funds of £4.6m in 2020-21 and £4.9m in 2021-22. Included within the 2021-22 balance is £0.7m in relation to Direct Payments. The management of Direct Payments has been brought back into the Council's control during 2020-21 and the £0.7m refers to accumulated funds held on behalf of the recipients' accounts that are directly controlled by the Council.





15.0 EVENTS AFTER THE REPORTING PERIOD



15.0 EVENTS AFTER THE REPORTING PERIOD

The Council were successful in winning a joint Freeport bid in collaboration with Milford Haven Port Authority, Associated British Ports and Neath Port Talbot Borough Council announced on 22 March 2023. The two ports of Milford Haven and Port Talbot have complementary facilities to exploit the very significant potential for off-shore floating wind (FLOW) developments in the Celtic Sea, a key area identified by the UK government (Crown Estate) for up to 4 Gigawatt of FLOW. In addition, there is a growing interest in the hydrogen sector and the contribution this can make to the decarbonisation of heavy industry and energy installations in Port Talbot and Milford Haven.

