

PEMBROKESHIRE COUNTY COUNCIL

*Annual Financial Report
Including Statement of Accounts*

2022-23

9 May 2024

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1.0 NARRATIVE REPORT

Pembrokeshire County Council – Statement of Accounts 2022-23



1.0 NARRATIVE REPORT

1.1 INTRODUCTION

Pembrokeshire County Council's Statement of Accounts for 2022-23 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 eight 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 £123.9m² (2014-15 to 2022-23). The funding gap was bridged by a combination of £28.7m additional income from Council Tax increases (including base changes), £88.7m in cost reductions/efficiencies/budget savings³, a £0.6m contribution from the Council Tax 2nd homes income (community element) and a £5.9m one-off contribution from reserves.

Since the start of the 2022-23 financial year the UK has experienced exceptional inflationary / cost of living increases coupled with a very challenging recruitment market. All of which has resulted in a high level of uncertainty making budget projections increasingly difficult to predict. A projected budget overspend resulted in a moratorium on non-essential expenditure and a recruitment freeze being in place for the majority of the financial year.

The additional costs and the net lost fees and charges income relating directly to Covid-19 are no longer funded by the Welsh Government, with any continuing financial pressure on Pembrokeshire County Council budgets arising from the recovery from Covid-19 being funded initially through use of the Hardship Fund reserve.

The County Council Budget Outturn Monitoring Report 2022-23 was approved by Cabinet on 3 July 2023.

These accounts have been prepared with the ongoing impact of high inflation and cost of living in mind particularly in section 6.0 Critical Judgements in Applying Accounting Policies and Estimation Risk; and section 12.12.3.1 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

¹ 2022-23 saw a 9.4% increase in AEF, 2021-22 saw a 4.0% increase in AEF and 2020-21 saw a 4.9% increase in AEF (All when adjusted for transfers into the settlement).

² Includes additional growth above identified pressures of £0.7m for 2022-23, £0.6m for 2021-22 and £1.6m for 2020-21

³ Includes additional income, e.g. Increases to service fees and charges.



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.

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 65,000 households
- Maintain approximately 2,500 kilometres of road, 610 kilometres of footways, 651 bridges and 15,756 street lights
- Provide 93 car parks with in excess of 8,000 spaces
- Are responsible for 60 schools, providing education for 17,142 pupils (January 2023)
- Provide support to pupils with additional learning needs; child protection, safeguarding and youth services
- Own and manage more than 5,700 homes
- Provide adults with information and advice to help them to live independently in the community, as well as providing services for over 3,700 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 6,317 (6,340) people March 2023 (March 2022), including those working in Schools (including casual staff)

1.2.2 COUNCIL VISION

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

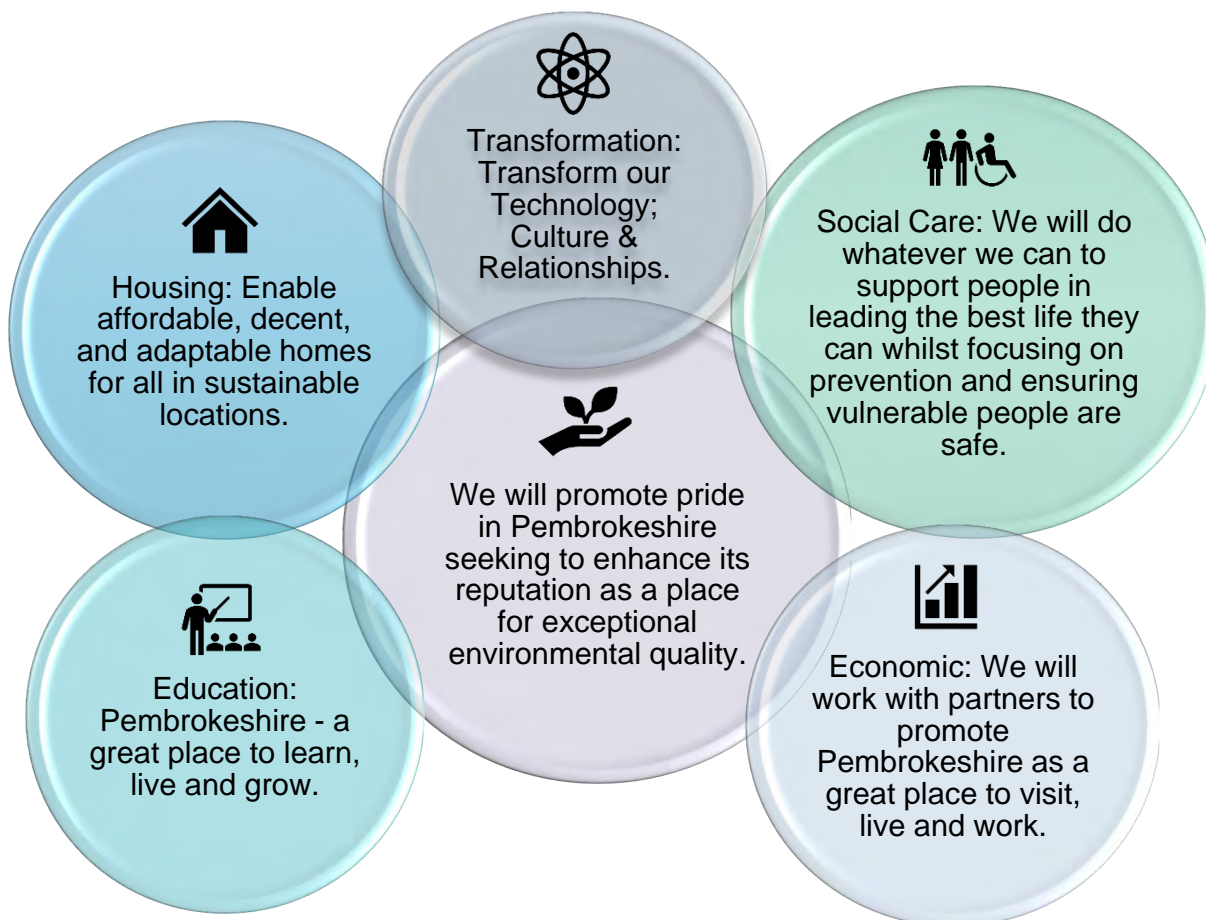
1.2.3 CORPORATE PLANNING

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 Administration and Pembrokeshire Public Services Board's Well-being Plan. A new Programme for the Administration was approved January 2023 and a new Corporate Strategy, setting and expressing the Council well-being objectives for 2023-28 was approved in May 2023.



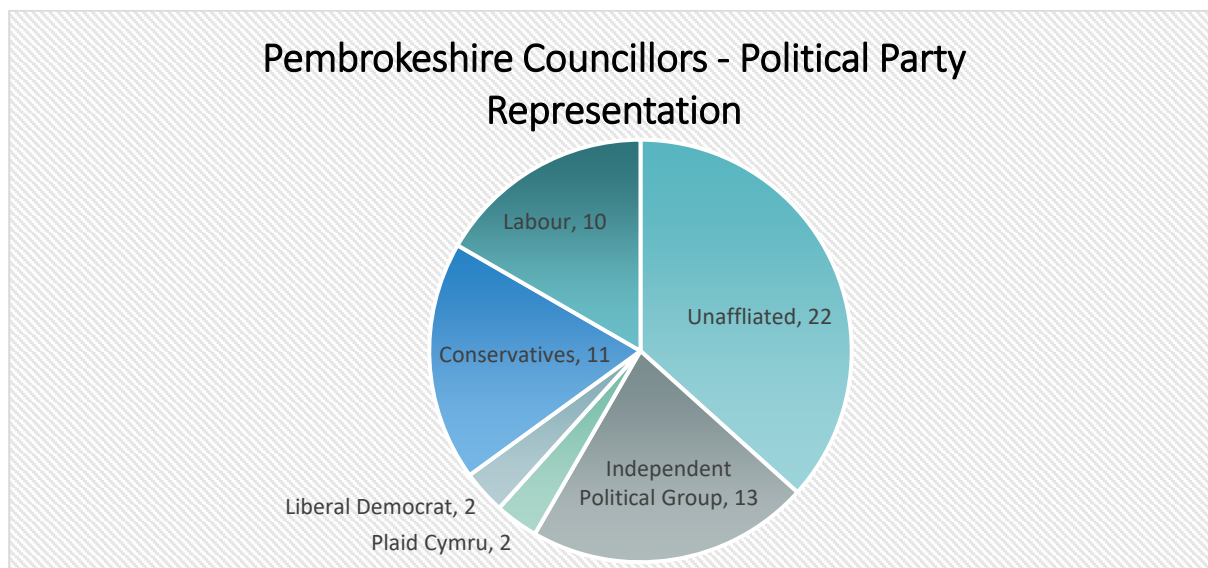
The Well-Being Objectives for 2022-23 were unchanged from 2021-22:



Progress against the delivery of our Well-being Objectives for 2022-23 will be reported in our annual self-assessment report (see below).

1.2.4 POLITICAL PROFILE

During 2022-23, the Council comprised of 60 elected Members who each represented residents in different areas of Pembroke. 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.



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. This was approved by Council on [12 October 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 2022-23 was considered by the Governance and Audit Committee on 06 July 2023 and was approved by Council on [12 October 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 06 July 2023. .

1.2.7 TRANSFORMATION AND IMPROVEMENT PROGRAMME

The Council's Transformation Programme was in place from 2018 to 2022. During 2023 the programme has evolved into the Council's Improvement Transformation Programme. The Improvement and Transformation Programme continues to focus on the three individual work streams: Technological Transformation, Cultural Transformation, and Relationship Transformation. The Programme provided Directors, Heads of Service and Corporate Managers 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 existing Transformation Programme with the new



Improvement Programme was approved by Council on 13 May 2021. Improvement and Transformation Programme is focussing on the key priorities highlighted in the Programme for Administration, Corporate Plan and the current financial position. The focus for the programme remains on key priorities and change programmes for the organisation.

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', 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).

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.

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

1.3 PERFORMANCE 2022-23

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) was approved by Council in December 2022, with the annual self-assessment for 2022-23 being approved by Council on [12 October 2023](#).

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 were 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, with a revised Corporate Governance Improvement Plan being approved by Council on [12 October 2023](#).



1.3.2 REVENUE OUTTURN 2022-23

The County Council Budget Outturn Monitoring Report 2022-23 was approved by Cabinet on 3 July 2023. The revenue outturn financial position confirms the Council's net expenditure for 2022-23 at £263.167m, after appropriations to and from reserve, an underspend of £2.889m. The outturn included £0.063m less Council Tax income than anticipated when the original 2022-23 budget was approved. This provided the opportunity to appropriate £2.826m to the Initiative Fund reserve to provide resources for the Council to invest in improvement projects and to realise future cost avoidance / budget saving opportunities.

The additional costs and the net lost fees and charges income relating directly to Covid-19 are no longer 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 is being funded initially through use of the Hardship Fund reserve.

Since the onset of the Covid-19 pandemic, the level and age of unpaid debt has been steadily increasing, this trend has started to reverse in 2022-23 with the majority of services experiencing a reduction in their level of bad debt provision requirement for uncollected trade debtors. The exception to this being Adult Social Care, which has a further £0.419m increase in bad debt provision in 2022-23.

Income for some subsidy/grant claims have been accrued in the accounts on a probable/actual basis pending the receipt of final claims data.

The Authority's budget strategy of flat-line (cash) revenue budgets for all services remained in place for 2022-23, 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 budget saving proposals for the 2022-23 budget, making recommendations to Cabinet.

	Original 2022-23 £m	January Rolling Budget 2022-23 £m	January Projected Outturn 2022-23 £m	Actual Outturn 2022-23 £m
Gross Expenditure	412.1	423.3	421.5	422.2
Income	(146.3)	(153.3)	(152.8)	(162.6)
Contribution to / (from) Reserves	0.2	(4.0)	(4.0)	3.5
Net Expenditure	266.0	266.0	264.7	263.1
Second Home / Long Term Empty Property Expenditure and Contribution to Reserves	0.0	0.0	0.0	4.8
Surplus Appropriation to Initiative Fund Reserve	0.0	0.0	0.0	2.8
Total Net Expenditure	266.0	266.0	264.7	270.7

During 2022-23, 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 underspent when compared to rolling budget



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

Directorate	2021-22	Net Expenditure 2022-23			Variance Actual to Q3 Rolling Budget
	Actual Outturn	Q3 Rolling Budget	Q3 Projected Outturn	Actual Outturn	
	£000	£000	£000	£000	£000
Education - Individual School Budgets	79,348	82,767	82,767	83,521	754
Education - Other	20,088	21,911	21,487	21,717	(194)
Social Care - Children	15,123	17,083	17,697	17,049	(34)
Social Care - Adults	58,004	65,200	65,318	65,902	702
Housing Services	1,120	1,191	943	1,391	200
Housing Revenue Account	-	-	-	-	0
Highways & Transportation Services	8,951	9,966	10,501	10,096	130
Culture & Related Services	5,444	6,417	6,553	6,206	(211)
Planning & Development Services	1,571	2,530	2,737	2,270	(260)
Environmental Services	15,808	16,930	17,209	16,504	(426)
Central, Corporate & Democratic Services**	14,391	11,090	10,469	14,009	2,919
Council Tax Reduction Scheme	9,506	10,080	9,464	9,482	(598)
Court Services	289	326	329	334	8
Corporate Restructure Saving	-	(1,000)	-	-	1,000
Contingency	-	-	-	-	0
Long Term Empty Properties*	-	375	375	376	1
Affordable Housing Scheme*	1,319	3,815	3,815	3,272	(543)
Contributions to Community*	1,319	1,271	1,271	1,091	(180)
Net Cost of Services	232,281	249,952	250,935	253,220	3,268
Levies	8,240	8,573	8,528	8,527	(46)
Net Investment Income	(456)	(344)	(1,795)	(1,786)	(1,442)
Capital Financing Costs	10,669	13,336	12,575	10,771	(2,565)
Total Net Expenditure	250,734	271,517	270,243	270,732	(785)

Financed By:	£000	£000	£000	£000	£000
Revenue Support Grant and Special Grant	(139,576)	(150,387)	(150,387)	(150,387)	0
NNDR	(42,233)	(45,870)	(45,870)	(45,870)	0
Council Tax	(67,287)	(69,799)	(69,799)	(69,736)	63
Second Homes & Long Term Empty Premium Council Tax*	(2,638)	(5,461)	(5,461)	(4,739)	722
Total Funding	(251,734)	(271,517)	(271,517)	(270,732)	785

Net (Surplus) / Deficit***	(1,000)	-	(1,274)	-	0
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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 2022-23](#) approved by Cabinet on 3 July 2023.

1.3.3 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 5,717 (5,696) dwellings and 1,075 (1,075) shops and garages at 31 March 2023 (31 March 2022).
- The average opening un-rebated weekly rent collectable for 2022-23 was £94.54 (2021-22 £87.43).
- Income including rent and charges for services totalled £27.568m (2021-22 £26.227m).
- Revenue expenditure included £14.450m (2021-22 £14.834m) on repairs and maintenance, £0.479m (2021-22 £0.717m) on Rent, Service Charges and the provision for bad and doubtful debts, £4.090m (2021-22 £4.373m) on Capital financing adjustments and £8.400m (2021-22 £6.303m) appropriation to reserves for Capital improvements and maintenance catch up programme.
- Rent arrears for current tenants at the end of 2022-23 was £2.224m, a further increase of £0.297m on the 2021-22 year end position. The rent arrears as a percentage of total rent due had increased by 1.01% on the 2021-22 year end position.

1.3.4 CAPITAL EXPENDITURE 2022-23

A key Council aim is to deliver an affordable and sustainable capital programme which underpins the Council's Well Being objectives. Capital expenditure for 2022-23 was £75.5m against a projected outturn of £117.7m 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 2022-23](#) approved by Cabinet on 3 July 2023.



	2022-23			2023-24
	Projected Outturn	Actual Expenditure	Actual to Projected Outturn	Original Estimate
	£000	£000	%	£000
Expenditure				
Education	9,984	4,843	49%	15,495
Social Care	1,314	908	69%	563
Highways & Transportation	18,939	10,097	53%	3,140
Housing – General Fund	3,779	1,620	43%	1,166
Culture & Related Services	9,018	2,457	27%	23,566
Planning & Development	18,046	9,411	52%	9,278
Environmental	7,681	3,902	51%	26,082
Corporate	3,811	1,340	35%	7,658
Housing - H.R.A.	19,139	17,321	91%	28,074
City Deal	18,987	15,376	81%	4,617
21st Century:				
Band A	447	167	37%	-
Band B	6,614	8,079	122%	18,838
Total Expenditure	117,759	75,521	64%	138,477
Financing				
Borrowing	35,798	19,722		71,285
Capital Grants & Contributions	61,573	43,261		51,150
Capital Receipts & Capital Fund	13,427	10,419		13,877
Earmarked Reserves	6,961	2,119		2,165
Total Financing	117,759	75,521		138,477

The original capital investment programme for 2022-23 and indicative programme for 2023-24 to 2025-26 was approved by Council on 3 March 2022.

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 4 September 2023 to reflect the following changes:

- Where projects in 2022-23 have not been completed by 31 March 2023, the resource may be rolled over to 2023-24;
- 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. Inflationary pressures have influenced energy costs as well as shortage of goods, materials and labour. The surge on interest rates has increased the cost of borrowing which ultimately has an effect on the Councils capital programme and its capital financing costs.

As reported to Cabinet in December 2022, these challenges have had an adverse impact on the delivery of the Councils ambitious capital programme. Project costs for existing schemes, specifically South Quay, Western Quayside, Heart of Pembrokeshire and the ECO Park are seeing



significant cost increases. Every effort is being made to remain within budget with limited changes to the scope of work, however this continues to be a challenge for some projects.

Current schemes will continue to be monitored and the profiles will be amended to reflect any changes to the delivery timescale.

1.3.5 TREASURY MANAGEMENT

The Council's Treasury Management Strategy and Investment Strategy for 2022-23 were approved by Council on 3 March 2022. Treasury Management Indicators should always have a RAG rating of Green – "compliance with agreed limits and indicators". During 2022-23, 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 £203.9m to £203.1m
- Average investment portfolio was £82.9m (2021-22 £71.2m) with investment income of £1.77m (2021-22 £0.17m)
- The total amount of investments held at the 31 March 2023 was £63.3m (2021-22 £73.8m).

	Projected Balance 31/3/2023 £m	Actual 31/3/2023 £m
Capital Financing Requirement		
General Fund	200.60	187.40
HRA	65.80	65.80
Total Capital Financing Requirement	266.40	253.20
External Debt		
Gross Borrowing	243.30	203.15
Other Long Term Liabilities	0.20	0.21
Total Gross External Debt	243.50	203.36

1.3.6 REVENUE COLLECTIONS

1.3.6.1 COUNCIL TAX

Cash collected to 31 March 2023 was £83.60m against a collectable debit of £86.12m. This represents an in year collection rate of 97.07%. Although collection rates have not returned to pre-Covid levels (2019-20 97.65%), this is an improvement on the 2021-22 collection rate of 96.36%.

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
2022-23	7.175

The level of arrears has fallen by approximately 10% in the last financial year. This is further evidence of progress being made as the team are able to focus on debt recovery.



1.3.6.2 2ND HOMES PREMIUM AND LONG TERM EMPTY PROPERTY PREMIUM

The Second Homes Council Tax Premium debit raised for 2021-22 was £2.4m with the actual cash collected being £2.3m. The debit raised for 2022-23 was £4.5m with the actual cash collected being £4.4m. This is £0.7m lower than the budgeted figure of £5.1m due to a reduction in the base number of Second Home properties. This is likely to be due to the higher 100% Second Homes Council Tax premium is now being charged.

The Long Term Empty Property Premium debit raised for 2021-22 was £0.391m with the actual cash collected being £0.363m. The debit raised for 2022-23 was £0.386m with the actual cash collected being £0.376m, in line with the budget.

1.3.6.3 BUSINESS RATES

Cash collected to 31 March 2023 was £49.56m against a collectable debit of £50.03m. This represents an in year collection rate of 99.05% which was higher than the 2021-22 collection rate of 98.85%.

Tables detailing all revenue collections are held within the County Council Budget Outturn Monitoring Report 2022-23 approved by [Cabinet on 3 July 2023](#).

1.3.7 OTHER NON-COUNCIL GRANTS

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.

The table below shows the value of grants passported to claimants during 2022-23:

	£'000
Real Living Wage	5,087
Retail Leisure & Hospitality Rate Relief Scheme	3,856
Winter Fuel Payments	2,357
Unpaid Carers Grant	899
Self-Isolation £500 Payments	558
SSP payments to Care Homes	277
Ukrainian Accommodation Sponsor	246
Energy Bill Support Scheme	71
Total	13,351



1.4 FINANCIAL POSITION 2022-23

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

2021-22		2022-23	
Net Assets	Reserves	Net Assets	Reserves
Long Term Assets £982m	Usable Earmarked Reserves and Capital Receipts £104m	Long Term Assets £1,081m	Usable Earmarked Reserves and Capital Receipts £104m
Current Assets less Current Liabilities £79m	Usable General Balance £9m	Current Assets less Current Liabilities £50m	Usable General Balance £9m
Long Term Liabilities (£439m)	Unusable Reserves £509m	Long Term Liabilities (£193m)	Unusable Reserves £825m
TOTAL NET ASSETS £622m	TOTAL RESERVES £622m	TOTAL NET ASSETS £938m	TOTAL RESERVES £938m

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.

As part of the Council's rolling programme, revaluations of the corporate managed portfolio and administrative buildings took place.

Capital receipts from the disposal of property assets was £0.1m.

1.4.2 LONG TERM ASSETS – PENSION SURPLUS

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 £17.7m (£16m for 2021-22).
- The Council's future surplus in respect of pension benefits payable, compared to assets held, is £51m at 31 March 2023, based on the latest actuarial assumptions. This has increased by £285m from 2021-22.
- The fund is revalued every three years, with the fund's assets at 31 March 2022 reflected in the 2022-23 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

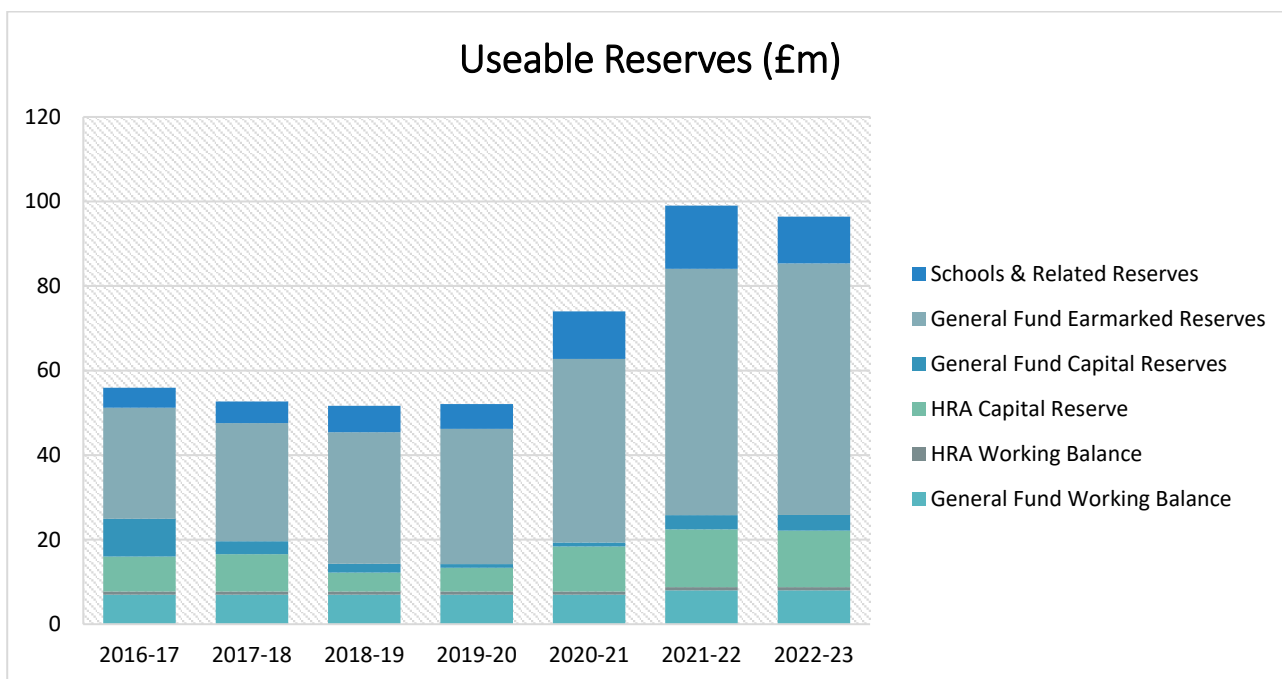
Useable Reserves are set aside for specific purposes or for general contingencies and cash flow management. The Strategy for Holding and Utilising Reserves was approved by Council on 10 March 2016 and can be found on our website via the following link ([Budget Report Appendix B](#)). This was formally reviewed and updated during 2022-23, being approved by Council as part of the [Budget Report on 2 March 2023](#).

The majority of reserves are earmarked for specific projects or purposes, with the exception of some balances held in the Corporate reserves which have not been allocated to specific purposes and are held to support Initiative projects, unforeseen Hardship or Programme for Administration priorities.

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 12.12. The chart below shows the movement in useable reserve balances from 2016-17 to 2022-23.

Where expenditure has been delayed and a specific scheme of work has been identified, underspends have been appropriated to the Service Delivery reserve to fund the increase in expenditure to catch-up. These additional appropriations to reserve must be drawn down over the term of the MTFP. Any unspent appropriations will be repurposed for use in the Corporate reserves.



1.5 FINANCIAL OUTLOOK

2022-23 saw a year of unprecedented inflation, with CPI reaching 11.1% in November 2022, the highest rate in around 40 years. In their March 2023 forecast (following the Spring 2023 budget), the Office for Budget Responsibility (OBR) predicted that 'inflation is expected to fall rapidly, reaching and then oscillating around 0% from mid-2024 to mid-2026, before returning to the 2% target by the end of 2027'. This is broadly in line with our MTFP assumptions, however inflation has not fallen as quickly as OBR projections in the first six months of the 2023-24 financial year, with CPI in September 2023 remaining at 6.7%, and this continued uncertainty could have material implications for Pembrokeshire County Council for the foreseeable future.

The indicative Wales-level core revenue funding allocations for 2024-25 show an uplift of 3.1%, with no indicative figures provided for 2025-26 to 2027-28. Following current Government policy to



maintain existing levels of public spending, recent Welsh Government outline plans to cut public services and Wales Fiscal Analysis report warning that tight public spending plans over coming years also paint a 'worrying picture for the medium-term', the Medium Term Financial Plan (MTFP) has been revised down at Quarter 2 2023-24 to assume a most likely scenario of 0.0% increase for 2025-26 to 2027-28.

Teaching and Non-Teaching pay awards for 2023-24 were confirmed in November 2023 and were in line with budgeted projections. In the absence of indicative 2024-25 awards, planning includes higher assumptions than previously estimated due to the continuation of higher than predicted CPI inflation levels, with 2025-26 to 2026-27 including lower assumptions linked to forecasts of falling inflation and flat lined AEF settlement. The recruitment market remains challenging, with many services experiencing a high turnover and struggling to recruit and retain suitably qualified and skilled staff. Whilst this will result in a reduction in budgetary pressures, it will impact the ability of Pembrokeshire County Council to deliver its services.

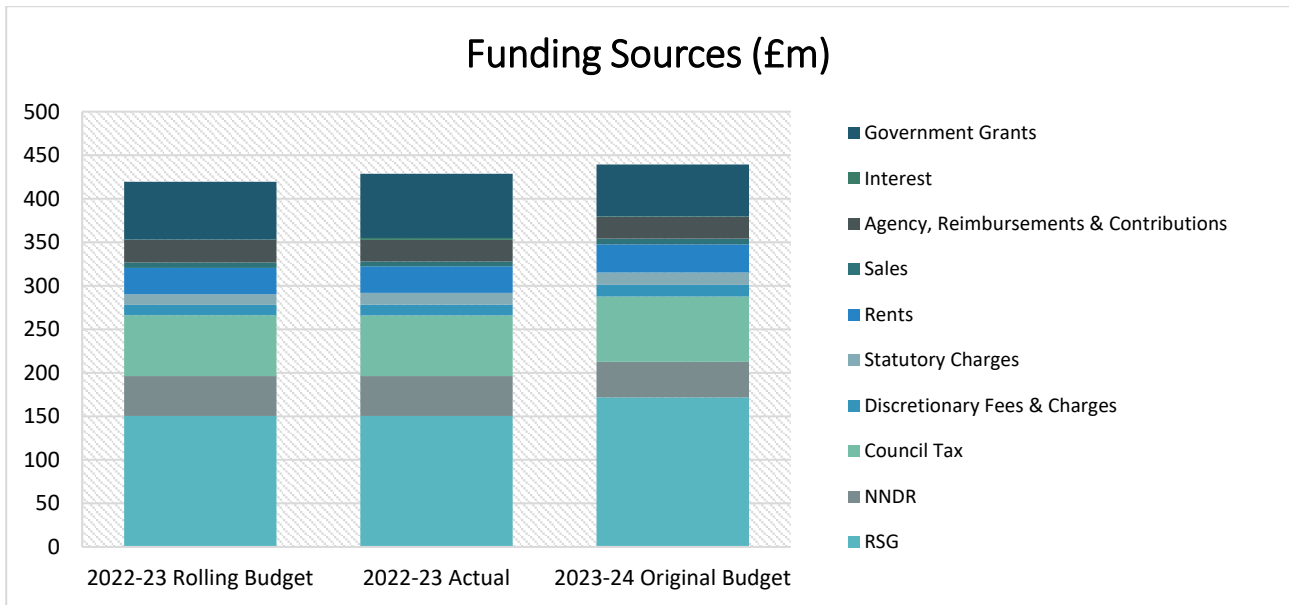
Demand, complexity and cost of Additional Learning Needs, Social Care Packages in Children and Adult Services and Homelessness continues to increase. The current exceptional levels of cost experienced in Children's Services during 2023-24 needs to be closely monitored, with costs being anticipated to continue into 2024-25 while alternative provision arrangements are put in place. Demand is expected to continue to grow over the MTFP, with the trend in client demographic from Standard to more expensive Elderly Mental Infirm (EMI) and Bespoke packages of Adult care in both Nursing and Residential Care, particularly amongst the under 65's, projected to continue.

The main components of the Capital Financing budget are interest costs and prudent provision for the repayment of borrowing. Following 14 consecutive increases, the Bank of England maintained the interest rate at 5.25% in September 2023. While slippage in delivery of the current Capital Programme has resulted in a projected reduction in borrowing costs and increased investment income for 2023-24, the MTFP reflects the anticipated increased cost of approved Capital projects above the original 2023-24 base. The a paper on the affordability of the Capital Programme was presented to Cabinet on 6 November 2023.

These risks will be kept under close review with a quarterly update on the MTFP provided to Cabinet as part of the budget monitoring report.

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 grants and income from fees and charges. The graph below shows the budgeted funding for 2023-24 versus actual and budgeted funding received during 2022-23.

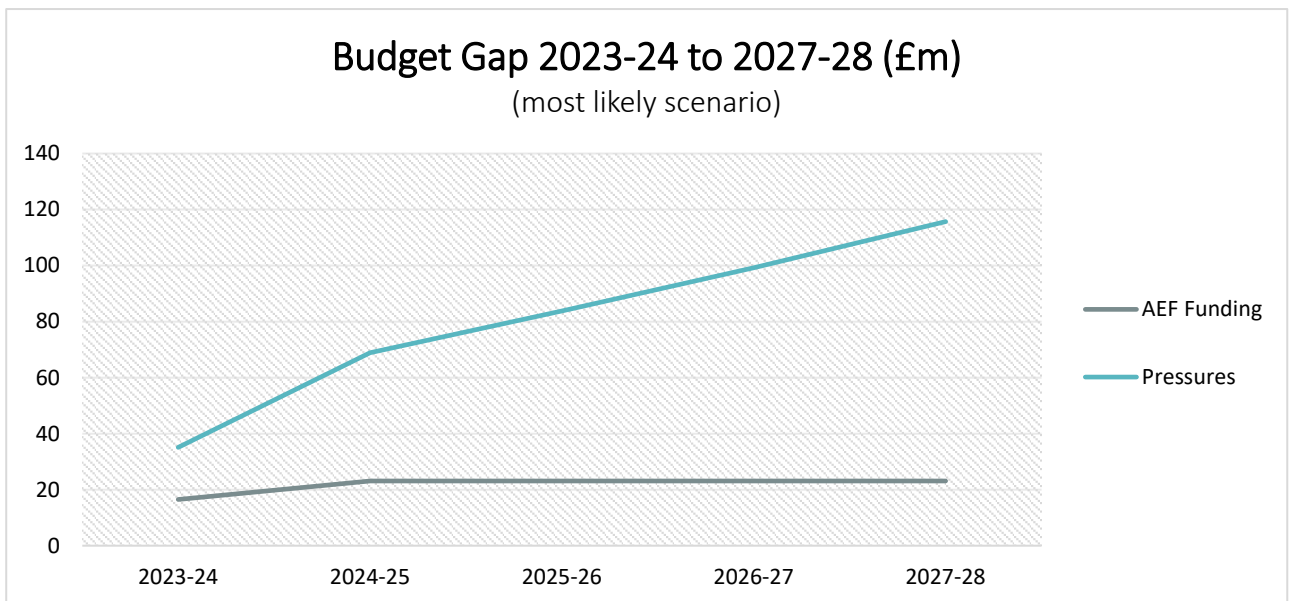




The 2023-24 budget approved by Council on 2 March 2023 identified a funding gap for 2023-24 of £18.6m and the projected funding gap for the MTFP 2024-25 to 2026-27 of £33.1m (most likely scenario). This position has been updated to reflect the changes in assumptions detailed above, with the projected funding gap for 2024-25 to 2026-27 reported at Quarter 2 2023-24 increasing from £33.1m; with £15.9m in respect of 2024-25; to £57.5m, with £27.2m in respect of 2024-25.

The £18.6m funding gap for 2023-24 was bridged by a combination of a £5.2m increase in Council Tax, £3.8m (75%) utilisation of the second homes Council Tax premium, £1.6m utilisation of reserves (Hardship Fund) and £8.0m budget savings. Work is underway to identify how to bridge the funding gap for 2024-25 and the MTFP 2024-25 to 2027-28.

The graph below shows the projected most likely funding gap over the life of the MTFP 2023-24 to 2027-28 (updated Quarter 2 2023-24) and includes the significant inflationary and demand pressures outlined above.

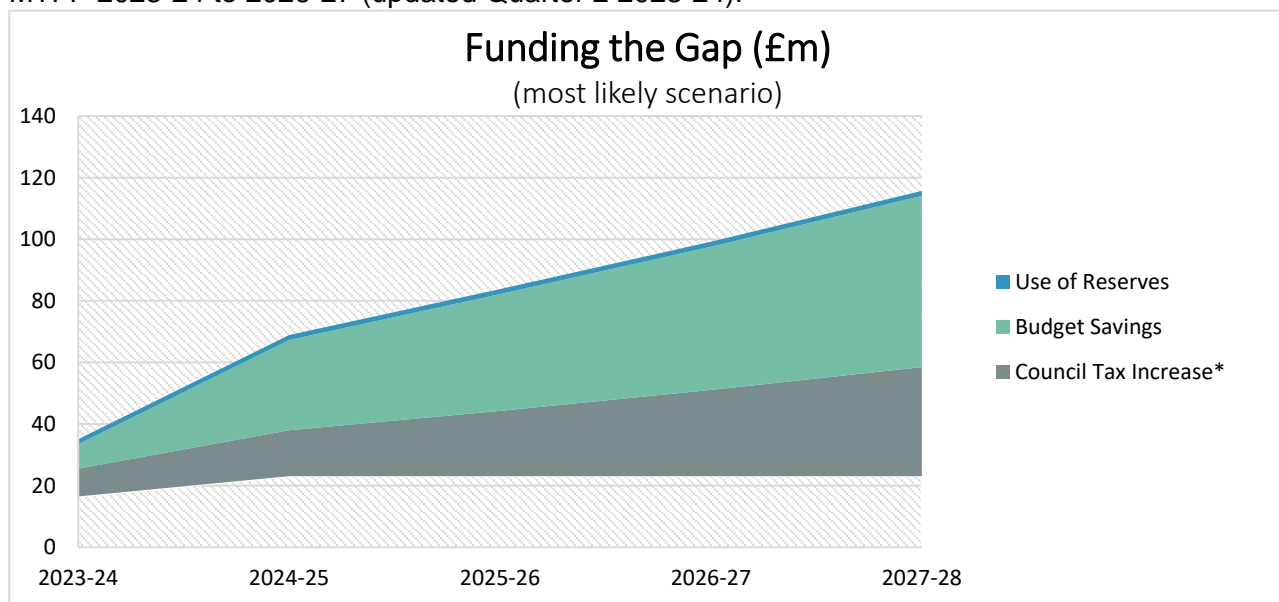


The Council continued to have the lowest Council Tax (Band D) in Wales for 2022-23, despite a Council Tax increase of 5%. The Council Tax increase of 7.5% for 2023-24 will generate an additional £5.2m. For 2023-24, Council approved the use of £3.8m (75%) of the second homes Council Tax premium towards bridging the funding gap and this is assumed to continue over the term of the MTFP (until 2027-28).



The MTFP 2023-24 to 2027-28 assumes a Council Tax increase of 7.5% per annum, with the remaining funding gap being met by a combination of budget savings and use of Council Tax premiums.

The graph below shows how the projected most likely funding gap may be met during the life of the MTFP 2023-24 to 2026-27 (updated Quarter 2 2023-24).



* Council Tax increase assumes no change in Council Tax Base 2023-24 to 2027-28, and includes the increase relating to 75% utilisation of the Second Home Premium.

The use of earmarked reserves is governed by the Strategy for Holding and Utilising Reserves, approved by Council on 2 March 2023. For 2023-24 a contribution of £1.6m from earmarked reserves (Hardship Fund) will be utilised to fund the anticipated peak in energy prices.

It is anticipated that for 2024-25 reserves will be used to fund the gap in part year Budget Savings resulting from lead in time for delivery; no further contributions from earmarked reserves or the working balance over the remainder of the MTFP are planned, as this can only ever be a short term “sticking plaster” solution, however the financial outlook has changed considerably during 2023-24 so this approach may have to be reconsidered.

1.5.1 KEY FINANCIAL RISKS IDENTIFIED IN THE COUNTY COUNCIL BUDGET 2023-24 REPORT

- Cabinet priorities specified in the new Programme for Administration may not be affordable due to the challenging financial outlook over the Medium Term Financial Plan.
- National Pay Awards and Employers Pension Contributions are confirmed to be within budgeted levels for 2023-24, but may be above that budgeted for 2024-25 and the MTFP.
- Additional in year pressures due to demand, complexity and cost of Additional Learning Needs, Social Care Packages in Children and Adult Services and Homelessness may continue into 2024-25.
- Real living wage increases may be above budgeted assumptions, impacting pay and price inflation pressures.
- Additional in year pressures due to the ongoing impact of Brexit, the Covid-19 pandemic, the wars in Ukraine and Israel, and the current cost of living crisis are unknown so there is a significant risk of in year pressures developing during 2023-24 and continuing into 2024-25.
- The budgeted 2023-24 contingency was not required cover the budget pressure relating to the 2022-23 teaching pay awards as this was funded by Welsh Government. However current



indications from Welsh Government suggest that the grant funding received was an isolated grant and there is no funding transferring into RSG; and that there is no additional grant funding available for the 2023-24 or 2024-25 financial years which will place additional pressure on the 2024-25 budget. No other contingency is included in the MTFP, with any additional in year financial pressures needing to be met from in year savings or reserves.

- Council Tax and Second Home Council Tax collection rates 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 was mitigated by introduction of a cap of £14.51m per annum, to be increased by inflation from 2021-22 (£15.98m for 2023-24); with recommendation to Council to move to 5.3% of budgeted Net Expenditure from 2024-25 being recommended by Cabinet on 6 November 2023.
- The basis and projections of the Medium Term Financial Plan are revised – this has been mitigated by the introduction of quarterly monitoring and update, with some longer term financial sustainability planning being undertaken.
- Costs associated to deliver the Council’s commitment to a net zero carbon by 2030.
- Local Government AEF Settlement – the 2024-25 Provisional Settlement may differ from indicative funding allocations.

1.6 EVENTS AFTER THE REPORTING PERIOD

None

1.7 CONCLUSION

Despite the exceptionally high levels of inflation and unbudgeted pay awards experienced during 2022-23, the slippage in the Capital Programme and continued high level of vacancies meant the Council’s financial position continued to improve throughout the year, resulting in an Outturn position of a £2.9m underspend, after accounting for contributions to and from reserves.

The improved outturn position is primarily attributable to the continued high level of vacancies offsetting additional pay and price inflation costs, and the slippage in the Capital Programme resulting in a delayed borrowing costs and improved investment income. The £2.9m underspend will be appropriated to the Initiative Fund reserve to provide resources for the Council to invest in improvement projects and to realise future cost avoidance / budget saving opportunities.

Whilst increasing reserves is always positive, we must remember that the funding gap in the Medium Term Financial Plan 2023-24 to 2026-27 is likely to increase due to the current levels of inflation not reducing as quickly as predicted, and the ongoing cost of living crisis. We need to continue to address these financial challenges to ensure the Council maintains 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 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 trend has started to reverse in 2022-23 with the majority of services experiencing a reduction in their level bad debt provision requirement for uncollected trade debtors.



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 2022-23



Opinion on financial statements

I have audited the financial statements of Pembrokeshire County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

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

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

Basis of opinion

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

My staff and I are independent of 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.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of 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:

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts 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 comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;

assessing Pembrokeshire County 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 the responsible financial officer anticipates that the services provided by Pembrokeshire County Council will not continue to be provided in the future.

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

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Pembrokeshire County 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.

Other auditor's responsibilities

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of 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
14 May 2024

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 2023 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 2023 and its income and expenditure for the year ended 31 March 2023 and append my signature to the Statement in accordance with Regulation 10(1).



J HASWELL FCCA
Director of Resources
Date: 9 May 2024

REPORTING AND APPROVAL

These accounts, initially published on 21 December 2023, will be reported to Full Council for approval on 9 May 2024, following the conclusion of the Annual Audit. The audit certificate is shown in section 2.0.



Cllr Simon Hancock MBE
Presiding Member
Date: 9 May 2024



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 2022-23, 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

An authority shall disclose 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. An authority shall provide known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the authority's financial statements including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (ie on or before 1 January 2023 for 2023-24). For this disclosure the standards introduced by the 2023-24 Code include:

- a) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021. Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 308.
- d) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2022-23



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 2022-23



6.0 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION RISK

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 Code requires that assets must be revalued every 5 years as a minimum, but must be revalued more regularly where a five yearly valuation is insufficient to keep pace with material changes in Fair Value.

The role of a “market review” is to report on movement in cost and / or value relevant to the asset valuations since the valuation date. If the market has changed and there is a need to undertake revaluations, these will be done on a desktop basis. At the time of writing the valuation report, no further amendments were identified for 2022-23.

- 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 funding envelope of £106.400m for the Sustainable Communities for Learning Band B programme was amended by Welsh Government to £160.079m, with £86.829m relating to the Mutual Investment Model (MIM) and £73.250m relating to the capital projects. This is insufficient to complete all projects within the original Strategic Outline Programme (SOP) and is primarily due to the current economic climate which has resulted in rising contract costs and market capacity issues, and a reduction in the £106.400m capital projects element due to the Milford Secondary and Primary projects moving to the MIM. The projected project cost for Portfield School is in excess of the capital project funding available due to £49.480m already being utilised on existing schemes (Haverfordwest High VC and Waldo Williams). The shortfall will have to be found by value engineering or prudential borrowing, recognising the financial risks associated with the annual capital financing costs cap.
- A report will be presented to Council on 14 December 2023 to change the funding model for Milford Secondary and Primary Schools from the the MIM to Capital funding route. In addition to the Milford Haven schools; Pembrokeshire Learning Centre/PRU and Ysgol Bro Preseli school Capital Projects are also included in a Strategic Outline Programme for consideration and approval by Full Council, prior to submission to Welsh Government.
- 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 £10.4m. 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 may be a requirement for the Council to borrow.



- 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 the Administration was approved in January 2023 and a new Corporate Strategy, setting and expressing the Council well-being objectives for 2023-28 was approved by Council in May 2023.
- 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 Partneriaeth 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
Sustainable Communities for Learning Programme (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



Issues appertaining to items in the current set of accounts:		
Item	Risk	Potential Affect
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
Partnership working e.g. Swansea Bay City Region/CJC/ Partneriaeth/Freeport	Additional pressure in MTFP	Budget requirement / overspend
Schools Reorganisation / Sustainable Communities for Learning Programme (Band B)/Nine Year Rolling Programme	Unable to provide service within existing budgets Incorrect cost assumptions Construction material shortages and price increases. Decision to continue progressing with MIM. Incorrect funding assumptions including inflation and construction costs.	Budget overspend Increased contractual costs Additional pressure on the revenue budget
Housing Rent Policy Changes	Incorrect Business plan assumptions. Breaching HRA income limits.	Additional charge to tenants at future date. Welsh Government Intervention
Fallout from 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



Issues potentially impacting the accounts in the future:		
Item	Risk	Potential Affect
Fallout from Covid-19	Reduced Welsh Government funding (AEF) and Council Tax increases.	Increased budget saving requirement 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
Wars in Ukraine/Middle East	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. Council Tax reform	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

7.0 CORE FINANCIAL STATEMENTS – COMPONENTS AND DETAIL

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

- The Expenditure and Funding Analysis – showing the reconciliation between how annual expenditure is used and funded from resources (cash basis) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices (IFRS basis).
- 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:

- 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 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).

2021-22				2022-23		
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
99,436	1,229	100,665	Education Services	105,238	25,493	130,731
15,123	1,953	17,076	Childrens Services	17,049	4,950	21,999
58,004	2,466	60,470	Adult Services	65,902	4,752	70,654
1,120	(86)	1,034	Housing Services	1,391	894	2,285
-	(26,066)	(26,066)	Council Housing	-	4,371	4,371
8,951	6,827	15,778	Highways & Transport Services	10,096	6,214	16,310
5,444	2,436	7,880	Culture & Related Services	6,206	6,841	13,047
1,571	1,705	3,276	Planning Services	2,270	7,134	9,404
15,808	2,945	18,753	Environmental Services	16,504	3,426	19,930
14,391	(2,269)	12,122	Other Central, Corporate & Democratic Services	14,009	554	14,563
9,506	-	9,506	Council Tax Reduction Scheme	9,482	-	9,482
289	16	305	Court Services	334	64	398
-	-	-	Long Term Empty Properties*	376	(376)	-
1,319	(1,253)	66	Affordable Housing Scheme*	3,272	(3,141)	131
1,319	(423)	896	Contributions to Community*	1,091	(186)	905
232,281	(10,520)	221,761	Net Cost of Services (inc HRA) / Deficit on Continuing Operations	253,220	60,990	314,210
8,240	17,370	25,610	Other Operating Expenditure	8,527	19,685	28,212
10,213	4,572	14,785	Financing & Investment Income & expenditure	8,985	4,558	13,543
(251,734)	(75,080)	(326,814)	Taxation and non-specific grant income*	(270,732)	(50,735)	(321,467)
(1,000)	(63,658)	(64,658)	(Surplus) or Deficit	-	34,498	34,498

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

	2021-22 Fund Balance £000	2022-23 Fund Balance £000
Opening General Fund and HRA Balance	(7,752)	(8,752)
less / add Surplus or (Deficit) on General Fund and HRA Balance in Year	(1,000)	-
Closing General Fund and HRA Balance at 31 March**	(8,752)	(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 £17k 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 £57k 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	2021-22			2022-23		
		Gross Total Cost	Income	Net Total Cost/ Expend	Gross Total Cost	Income	Net Total Cost/ Expend
		£000	£000	£000	£000	£000	£000
Education Services		136,018	(35,353)	100,665	163,070	(32,339)	130,731
Social Care - Childrens Services		27,395	(10,319)	17,076	29,079	(7,080)	21,999
Social Care - Adult Services		100,801	(40,331)	60,470	102,968	(32,314)	70,654
Housing Services		31,292	(30,258)	1,034	31,009	(28,724)	2,285
Council Housing		191	(26,257)	(26,066)	31,939	(27,568)	4,371
Highways & Transport Services		28,265	(12,487)	15,778	28,833	(12,523)	16,310
Cultural & Related Services		14,268	(6,388)	7,880	19,062	(6,015)	13,047
Planning Services		13,354	(10,078)	3,276	27,007	(17,603)	9,404
Environmental Services		28,288	(9,535)	18,753	27,018	(7,088)	19,930
Other Central, Corporate & Democratic Services		16,771	(4,649)	12,122	21,026	(6,463)	14,563
Council Tax Reduction Scheme		9,506	-	9,506	9,482	-	9,482
Court Services		412	(107)	305	528	(130)	398
Second Home Council Tax		962	-	962	1,036	-	1,036
(Surplus)/Deficit on Continuing Operations		407,523	(185,762)	221,761	495,057	(177,847)	314,210
Other Operating Expenditure							
Precepts & Levies	10.2			26,214			28,375
Gains & Losses on Disposal of Non-Current Assets				(604)			(163)
Financing & Investment Income and Expenditure							
Interest Payable				9,600			9,353
Interest & Investment Income				(219)			(1,906)
Net Pensions Interest	10.4.1			5,404			6,096
Taxation & Non-Specific Grant Income							
Revenue Support Grant (inc Special Grant)	10.1.1			(139,576)			(150,387)
NNDR Pool Share				(42,233)			(45,870)
Local Taxpayers	10.1.3			(84,563)			(88,331)
Second Home Premium	10.1.3			(2,878)			(5,516)
Long Term Empty Properties				(459)			(476)
General Capital Grants & Contributions	10.1.5			(57,105)			(30,887)
(Surplus) or Deficit on Provision of Services				(64,658)			34,898
Other Comprehensive Income & Expenditure							
(Surplus)/Deficit on revaluation of non-current assets	12.12.2			(105,380)			(36,354)
Remeasurements of Pensions Liabilities & Assets	12.12.5			(58,052)			(315,655)
Write Down of Deferred Liabilities				1,933			-
Total Other Comprehensive Income & Expenditure				(161,499)			(352,009)
Total Comprehensive Income & Expenditure				(226,157)			(317,511)



7.2.5 EXCEPTIONAL ITEMS

There were no exceptional items of income or expenditure in 2022-23.

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 2022-23	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 31 March 2022	(8,000)	(76,577)	(752)	(13,686)	(13,292)	(112,307)	(508,961)	(621,268)
In Year Opening Balance Adjustments*	-	-	-	-	-	-	641	641
Balance 1 April 2022	(8,000)	(76,577)	(752)	(13,686)	(13,292)	(112,307)	(508,320)	(620,627)
(Surplus) / Deficit On Provision of Services	34,294	-	204	-	-	34,498	-	34,498
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(352,009)	(352,009)
Total Comprehensive Income & Expenditure (see 7.2.4)	34,294	-	204	-	-	34,498	(352,009)	(317,511)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see 11.1)	(34,703)	-	969	-	(964)	(34,698)	34,698	-
Net (Increase) & Decrease Before Transfers (To) / From Reserves	1,145	-	1,173	-	(964)	(200)	(317,311)	(317,511)
Transfers (To)/ From Reserves	409	461	(1,173)	303	-	-	-	-
(Increase) / Decrease In Year	-	461	-	303	(964)	(200)	(317,311)	(317,511)
Balance 31 March 2023 (see 11.2.1 & 11.2.2)	(8,000)	(76,116)	(752)	(13,383)	(14,256)	(112,507)	(825,631)	(938,138)

*Restated to include the ERW / Partneriaeth pension liability (as employing authority)



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)



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	2021-22		2022-23	
		£000	£000	£000	£000
Non-Current Assets:					
Property, Plant & Equipment	12.1				
Council Housing Property	12.1.1.3	297,740		298,989	
Other Land & Buildings	12.1.1.3	488,922		511,185	
Infrastructure	12.1.1.3	131,773		136,144	
Vehicles/Plant/Equipment	12.1.1.3	16,764		16,513	
Heritage Assets	12.1.1.6	847		1,118	
Community Assets	12.1.1.3	527		557	
Assets Under Construction	12.1.1.3	38,735		58,762	
Surplus Assets		2,713		2,134	
Fixed Assets			978,021		1,025,402
Intangible Assets	12.1.3		100		105
Long Term Debtors	12.5.1		4,700		5,110
Pension Fund Asset			-		51,040
Total Long Term Assets			982,821		1,081,657
Current Assets:					
Short Term Investments	12.4	25,027		25,201	
Inventories & Works in Progress	12.3	1,487		1,520	
Short-term Debtors and Prepayments	12.5.1	80,146		89,418	
Cash & Cash Equivalents	12.6	49,557		36,249	
Assets Held For Sale	12.7	-		-	
Total Current Assets			156,217		153,288
Total Assets			1,139,038		1,234,045
Current Liabilities:					
Other Short-term Borrowing	12.5.2	(2,241)		(13,210)	
Short-term Creditors	12.5.2	(52,145)		(58,402)	
Revenue Grants Receipts in Advance	12.5.3	(3,277)		(1,855)	
Capital Grants Receipts in Advance	12.5.3	(19,103)		(26,380)	
Provisions	12.8.1	(2,418)		(2,667)	
Total Current Liabilities			(79,184)		(102,514)
Total Assets Less Current Liabilities			1,059,854		1,131,531
Long Term Borrowing	12.9.1	(203,301)		(191,470)	
Deferred Liabilities	12.10	(1,371)		(1,923)	
Net Pension Fund Liability	12.12.5	(233,914)		-	
Total Long Term Liabilities			(438,586)		(193,393)
Net Assets			621,268		938,138
Usable Reserves					
- General Fund Working Balance	11.2.1		8,000		8,000
- HRA Working balance	11.2.1		752		752
- Earmarked Reserves and Capital Receipts	11.2.1 & 11.2.2		103,555		103,755
Unusable Reserves	12.12		508,961		825,631
Total Reserves			621,268		938,138



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
	2022 £000	2023 £000	
Cash At Bank/(Overdrawn)	-	-	-
Cash Equivalent	48,756	36,694	(12,062)
Cash At Bank / In Hand	782	(578)	(1,360)
	49,538	36,116	(13,422)

The cash flows for operating activities include the following items:	2021-22 £000	2022-23 £000
Interest Paid	9,731	9,434
Interest Received	(144)	(1,484)



Cash Flow Statement	2021-22		2022-23	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow				
Net (Surplus)/Deficit on the provision of services		(64,658)		34,498
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Depreciation	(25,907)		(31,193)	
Impairment & revaluations	23,754		(14,366)	
Pension fund adjustments	(26,902)		(30,060)	
Other non cash financial instrument adjustments	97		44	
Contributions to provisions	28		(249)	
Carrying amount of non-current assets sold	(833)		(693)	
Movements in revenue debtors, creditors, stocks etc.	(3,190)		2,818	
		(32,953)		(73,699)
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	1,489		906	
Capital Grants	57,105		30,887	
		58,594		31,793
Net Cash Flow from Operating Activities		(39,017)		(7,408)
Investing Activities				
Purchase of property, plant & equipment, investment property & intangible assets	70,078		61,120	
Purchase of short term & long term investments	-		-	
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	(1,489)		(906)	
Proceeds from short term & long term investments	(5,001)		-	
Capital grants received	(54,468)		(40,197)	
Net Cash Flow From Investing Activities		9,120		20,017
Financing Activities				
Cash receipts of short-term & long-term borrowing	(1,000)		(412)	
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	5,824		32	
Repayments of short-term & long-term borrowing	1,692		1,194	
Net cash flow from financing activities		6,516		814
Net (Increase)/Decrease In Cash & Cash Equivalents		(23,381)		13,423
Cash & cash equivalents at the beginning of reporting period	(26,158)		(49,539)	
Cash & cash equivalents at the end of reporting period	49,539		36,116	
Increase/(Decrease) In Cash & Cash Equivalents		23,381		(13,423)





8.0 ACCOUNTING POLICIES



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 2022-23 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.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

8.8 EMPLOYEE COSTS & BENEFITS

8.8.1 BENEFITS DURING EMPLOYMENT

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses for current employees. These are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

8.8.2 TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an Officer's employment before the normal retirement date or an Officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, when the Council is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required



to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

8.8.3 PENSION COSTS

Employees of the Council are members of two separate pension schemes. Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. The Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Local Government Pension Scheme - other employees are entitled to be members of the Dyfed Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Property – market value
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as result of the number of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to the number of years of service earned in earlier years – debited to Central Services in the Comprehensive Income and Expenditure Statement
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.



- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve and Other Comprehensive Income and Expenditure:
- Contributions to the pension fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners for any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.
- The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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
2022-23	-	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 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 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.

8.22 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.

8.23 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.

8.24 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.

8.25 WORKING BALANCES AND RESERVES

8.25.1 CLASSIFICATION

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

8.25.2 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.

8.25.3 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.

8.25.4 REPORTING

Usable reserve balances shall form part of the Council General 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.

8.26 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.

8.26.1 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.

8.27 CONTINGENT ASSETS AND LIABILITIES

8.27.1 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.

8.27.2 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.

8.28 VAT

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

8.29 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).

8.30 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 2022-23



Actual Expenditure 2022-23	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	11,760	9,285	(274)	20,771	4,722	25,493
Social Care - Children's Services	(13)	2,646	-	2,633	2,317	4,950
Social Care - Adult Services	635	3,663	-	4,298	454	4,752
Housing Services	466	330	-	796	98	894
Council Housing	16,424	1,237	(4,439)	13,222	(8,851)	4,371
Highways & Transport Services	5,942	1,355	-	7,297	(1,083)	6,214
Cultural & Related Services	5,109	1,675	(14)	6,770	71	6,841
Planning Services	6,715	1,053	-	7,768	(634)	7,134
Environmental Services	2,503	2,676	-	5,179	(1,753)	3,426
Other Central, Corporate & Democratic Services	2,141	(19)	1,548	3,670	(3,116)	554
Court Services	-	64	-	64	-	64
Long Term Empty Properties*	-	-	-	-	(376)	(376)
Affordable Housing Scheme*	-	-	-	-	(3,141)	(3,141)
Contributions to Community*	-	-	-	-	(186)	(186)
Net Cost of Services (inc HRA) / Deficit on Continuing Operations	51,682	23,965	(3,179)	72,468	(11,478)	60,990
Other Operating Expenditure	(163)			(163)	19,848	19,685
Financing & Investment Income & expenditure	(323)	6,096	(889)	4,884	(326)	4,558
Taxation and non-specific grant income and expenditure*	(30,887)			(30,887)	(19,848)	(50,735)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	20,309	30,061	(4,068)	46,302	(11,804)	34,498

* 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 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	6,617	(1,456)	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)
Court Services	-	16	-	16	-	16
Long Term Empty Properties*	-	-	-	-	-	-
Affordable Housing Scheme*	-	-	-	-	(1,253)	(1,253)
Contributions to Community*	-	-	-	-	(423)	(423)
Net Cost of Services (inc HRA) / Deficit on Continuing Operations	2,223	21,498	(5,425)	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)	26,902	(6,145)	(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.

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	2021-22 £'000	2022-23 £'000
Expenditure		
Employee Costs	196,820	217,978
Other Operating Costs	208,550	228,520
Support Services	-	-
Depreciation, amortisation & impairment	2,153	45,559
Interest Paid	15,004	15,449
Precepts & Levies	26,214	28,375
Gain or loss on disposal of assets	(604)	(163)
Total Expenditure	448,137	535,718
Income		
Rents, fees & charges etc	(65,270)	(77,466)
Interest & investment income	(219)	(1,906)
Income from council tax	(87,900)	(94,323)
Government grants and contributions	(359,406)	(327,525)
Total Income	(512,795)	(501,220)
Surplus or Deficit on the Provision of Services	(64,658)	34,498





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 2022-23 was frozen by the Welsh Government at 53.5p in the £1 with an average rateable value of £131,035,763 compared to an average rateable value of £132,831,671 in 2021-22. The Council made a net contribution to the NNDR pool of £4.410m in 2022-23 and £11.725m in 2021-22

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	2021-22	2022-23
Pembrokeshire County Council	£1,189.69	£1,249.17
Dyfed Powys Police & Crime Commissioner	£275.56	£290.16
Average Town and Community Council	£38.75	£39.28
Tax Base Number of Band D Equivalent		
Chargeable	58,794.44	61,307.32
Aggregate Collectable*	57,188.46	60,247.38

* Aggregate collectable figure made up of Budget Setting tax base 55,875.93 plus Second Homes Premium 4,071.14 plus Long Term Empty Property Premium 300.31

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
2022/23 Band D Equiv	4	3,815	6,734	11,776	11,085	14,828	8,577	3,577	695	218
2021/22 Band D Equiv	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	2021-22 £000	2022-23 £000
Council Tax Due In Year	(85,920)	(88,418)
Council Tax Due in Year - Second Home Premium	(2,878)	(5,516)
Council Tax Due in Year - Long Term Empty Property	(459)	(476)
Non-collection impairment allowance	1,357	87
Amount Due From Taxpayers Before Rebates	(87,900)	(94,323)
Allocated to:		
Dyfed Powys Police & Crime Commissioner Precept	(15,759)	(17,481)
Pembrokeshire County Council	(69,925)	(74,475)
Town and Community Councils Precepts	(2,216)	(2,367)
Total	(87,900)	(94,323)



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.

	2021-22 £000	2022-23 £000
Credited to Services		
DWP Subsidy Payments and Other DWP Grants	(25,185)	(23,416)
Regional Consortia Schools Improvement Grant	(9,595)	(5,864)
Children & Communities Grant*	(4,868)	(5,706)
Local Authority Education Grant**	(7,355)	(6,661)
Grants & Contributions from Health Boards	(10,167)	(13,474)
Cleddau Bridge Grant	(3,000)	(3,000)
Welsh Government Covid Funding	(19,671)	(1,424)
Other Grants or Contributions credited to Services	(40,651)	(40,836)
Total Revenue Grants & Contributions Credited to Services	(120,492)	(100,381)

* Previously titled Flying Start & Families First

** Line Previously omitted

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

	2021-22 £000	2022-23 £000
Grants & Contributions Received	(123,769)	(102,236)
Grants Held In Advance Where Conditions Not Fulfilled	3,277	1,855
Grants & Contributions Credited As Income in Year	(120,492)	(100,381)

10.1.5 CAPITAL GRANTS & CONTRIBUTIONS

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

	2021-22 £000	2022-23 £000
Credited to Taxation and Non Specific Grant Income		
General Capital Grant	(3,181)	(5,272)
21st Century Schools	(21,076)	-
Major Repairs Allowance	(3,993)	(3,997)
Welsh Government - Transport (Local Transport Fund, Safe Routes in Communities, Local Road Safety, Bulford Road, & Southern Strategic Route)	(6,760)	(2,647)
Welsh Government - Flood & Coastal Erosion Risk Management	(647)	-
Welsh Government - Cashfields and Empty Homes	(10,500)	(3,022)
Other Grants	(10,930)	(15,536)
Developers Contributions	(18)	(413)
	(57,105)	(30,887)
Applied to Finance Capital Expenditure	(57,105)	(30,887)
Transferred to Capital Grant Unapplied Reserve	-	-
	(57,105)	(30,887)



10.2 PRECEPTS AND LEVIES

	2021-22 £000	2022-23 £000
Precepts		
Dyfed Powys Police & Crime Commissioner	15,759	17,481
Town and Community Councils	2,216	2,367
Levies		
Mid West Wales Fire and Rescue Service	7,156	7,444
Pembrokeshire Coast National Park Authority	1,083	1,083
Totals	26,214	28,375

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.

	2021-22 £000	2022-23 £000
Expenditure in Year	5,082	18,174
Grant & Contributions Received in Year	(5,035)	(12,373)
Net Revenue Expenditure Funded from Capital Under Statute	47	5,801

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 2022-23 was calculated by the Fund's actuary based on the valuation as at 31 March 2022 for all employees of the County Council who are members of the scheme.

The Fund was valued as at 31 March 2022 and the results of this valuation are reflected in the 2022-23 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 2023 and the date that the accounting statements are authorised for issue.



REVENUE TRANSACTIONS

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2021-22 £000	2021-22 £000	2022-23 £000	2022-23 £000
Interest on Pension Liabilities	20,080		27,327	
Interest on Plan Assets	(14,676)		(21,231)	
		5,404		6,096
Administration Expenses		338		386
Past Service (Gain) / Cost		139		28
Curtailment (Gain) / Loss		384		6
Current Service Cost		36,626		41,254
		42,891		47,770
Statement of Movement on the Council Fund Balance Entries	£000	£000	£000	£000
Reversal IAS 19 Entries Above:		(42,891)		(47,770)
Actual Charges Paid In Year				
Actual Amount Charged For Period	15,241		16,969	
Cost of Enhancements Charged In Year	748		741	
		15,989		17,710
		(26,902)		(30,060)
Employees Contributions		5.5% - 12.5%		5.5% - 12.5%
Employers Contributions		17.1%		17.5%



THE DYFED SUPERANNUATION SCHEME PENSION ASSETS & LIABILITIES

RECONCILIATION OF PRESENT VALUE OF THE SCHEME LIABILITIES

	Total Liabilities 2021-22 £000	Funded Liabilities 2022-23 £000	Unfunded Liabilities 2022-23 £000	Total Liabilities 2022-23 £000
Liability as at 31 March	962,485	970,740	10,985	981,725
Recognition of ERW/ Partneriaeth Pension Liability	-	2,475	-	2,475
Liability as at 1 April	962,485	973,215	10,985	984,200
Movements in the year:				
Current Service Cost	36,626	41,254	-	41,254
Interest on Pension Liabilities	20,080	27,029	298	27,327
Member Contributions	5,343	5,982	-	5,982
Past Service (Gain) / Cost	139	28	-	28
Remeasurements (liabilities) <i>comprising of:</i>				
Experience (gain) / loss	2,506	71,201	555	71,756
(Gain) / Loss on financial assumptions	(17,691)	(401,605)	(2,618)	(404,223)
(Gain) / Loss on demographic assumptions	(7,586)	(27,297)	(283)	(27,580)
Curtailments	384	6	-	6
Settlements	-	-	-	-
Business Combinations	-	-	-	-
Benefits / transfers paid	(20,561)	(21,706)	(741)	(22,447)
Liability at 31 March	981,725	668,107	8,196	676,303

RECONCILIATION OF FAIR VALUE OF THE SCHEME ASSETS

	2021-22 £000	2022-23 £000
Fair Value of Plan Assets as at 31 March	697,421	747,811
Recognition of ERW / Partneriaeth Pension Asset	-	1,834
Fair Value of Plan Assets as at 1 April	697,421	749,645
Movements in the year:		
Interest on Plan assets	14,676	21,231
Remeasurements (assets)	35,281	(44,392)
Administration Expenses	(338)	(386)
Employer Contributions	15,989	17,710
Member Contributions	5,343	5,982
Benefits / transfers paid	(20,561)	(22,447)
Fair Value of Plan Assets as at 31 March	747,811	727,343



PENSION FUND ASSETS SPLIT BY CATEGORY

	31 March 2022	31 March 2023
	£000	£000
Equities	540,443	541,069
Government	9,946	3,928
Other Bonds	59,376	51,496
Property	97,739	97,828
Alternatives	27,594	27,785
Cash/Liquidity	12,713	5,237
Total	747,811	727,343

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 2022 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.

Partneriaeth will take on any continuing ERW assets or running costs, with the ERW pension liability transferring to Pembrokeshire County Council as the employing Local Authority. As a result the asset values reported are no longer calculated as on a pro-rata basis.

Actuarial Assumptions

	Beginning Of Year	End Of Year
	%	%
Financial Assumptions		
Rate of CPI inflation	3.3	2.7
Rate of increase in salaries	4.8	4.2
Rate of increase in pensions	3.4	2.8
Discount Rate	2.8	4.8
Life Expectancy (Years)		
Male future pensioner aged 65 in 20 years' time	24.4	23.3
Female future pensioner aged 65 in 20 years' time	27.1	26.0
Male current pensioner aged 65	23.0	21.9
Female current pensioner aged 65	24.9	24.1



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 2023. The corresponding split of assets at the start of the year has been calculated as at 31 March 2022.
- The actuarial assumptions used in the calculation of the year end Balance Sheet liabilities are based on the 2022 actuarial valuation assumptions, other than the financial assumptions, which are shown above.
- The above expected returns are gross of expenses. A deduction of £3,418k 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 4.7 – 4.9%.
- 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 2023-24 estimated employer contributions are £15,702k per the Mercer report.
- There has been substantial volatility in the financial markets over recent years due to COVID-19 and the situation in Ukraine, and their subsequent impact on global supply chains and inflation. After a period of relative stability following the COVID-19 shock, recently this volatility has increased significantly, particularly following the minibudget. This has contributed to significant volatility in the bond markets, as yields increased markedly in recent months, with AA-rated corporate bond yields at 31 March up to 4.7% to 4.9% p.a. – far higher than at the start of the accounting year.

EFFECT OVER TIME OF ACTUAL TO ASSUMED PERFORMANCE

Scheme History	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000
Present Value of Liabilities	(776,924)	(803,270)	(962,485)	(981,725)	(676,303)
Fair Value of Assets	598,970	552,032	697,421	747,811	727,343
Surplus / (Deficit) in the scheme	(177,954)	(251,238)	(265,064)	(233,914)	51,040

The total asset of £51.0m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. For 2022-23 Pembrokeshire now shows a surplus position, primarily due to the changes on yield on corporate bonds, it is anticipated that the position will return to deficit in future.

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	2021-22 £000	2022-23 £000
Included in Net Operating Expenditure		
Total contributions charged to the accounts	9,497	10,033
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 2021-22 and 17.5% 2022-23.

Senior Officers		Gross Salary, Fees & Other Emoluments	Employer Pension Contributions to Local Government Pension Scheme	Benefits in kind	Election Fees
		£	£	£	£
Chief Executive/Returning Officer *	2021-22	79,141	13,533	166	-
	2022-23	145,818	25,518	6,612	11,207
Interim Chief Executive/Returning Officer **	2021-22	64,752	11,073	2,355	11,698
	2022-23	-	-	-	-
Assistant Chief Executive***	2021-22	-	-	-	-
	2022-23	117,229	20,515	5,683	2,146
Director of Resources	2021-22	126,329	21,602	4,487	2,290
	2022-23	128,254	22,444	5,128	545
Director of Community Services	2021-22	126,329	21,602	6,934	425
	2022-23	128,254	22,444	7,468	500
Director of Social Services & Housing ****	2021-22	127,064	21,728	5,867	1,050
	2022-23	133,056	23,261	4,774	-
Director for Education	2021-22	121,263	20,864	444	1,045
	2022-23	126,106	22,069	888	500

* Chief Executive from 13 September 2021

** Interim Chief Executive/ Returning Officer until 13 September 2021

*** Assistant Chief Executive from 1st April 2022

**** Acting Director of Social Care & Housing from 5 December 2022 to March 2023



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	
	2021-22	2022-23
£60,000 - £64,999	30	34*
£65,000 - £69,999	21	31**
£70,000 - £74,999	10	11
£75,000 - £79,999	6	4
£80,000 - £84,999	5	1
£85,000 - £89,999	6	8
£90,000 - £94,999	3	6
£95,000 - £99,999	1	3
£100,000 - £104,999	4	1
£105,000 - £109,999	1	1
£110,000 - £114,999	3	-
£115,000 - £119,999	-	1
£155,000 - £159,999	-	1

*Includes 3 Headteachers from VA/RC Schools

** Includes 1 Headteacher from VA/RC Schools

The remuneration of the Council's Chief Executive/Head of Paid Services during 2022-23 was £145,818 (2021-22 £143,893). The median remuneration of all the Council's employees during 2022-23 was £22,658 (2021-22 £21,299). The ratio of the remuneration of the Council's Chief Executive/Head of Paid Services to the median remuneration of all the Council's employees during 2022-23 was approximately 6.4 : 1 (2021-22 6.8 : 1).

10.5.2 MEMBERS ALLOWANCES

The total allowances including taxable benefits paid to Members in the year totalled £1,265,896 compared with £1,145,041 in 2021-22.

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)	2021-22				2022-23			
	No's			£000	No's			£000
	Compulsory	Other	Total		Compulsory	Other	Total	
£0 - £20,000	4	18	22	206	3	76	79	642
£20,001 - £40,000	3	4	7	218	-	14	14	369
£40,001 - £60,000	-	4	4	191	-	9	9	490
£60,001 - £80,000	-	2	2	122	1	3	4	294
£80,001 - £100,000	-	-	-		-	1	1	88
Total	7	28	35	737	4	103	107	1,883



Pension Costs - Capital Settlement (Current Year)	2021-22		2022-23	
	No's	£000	No's	£000
£0 - £20,000	7	196	23	181
£20,001 - £40,000	-	-	7	215
£40,001 - £60,000	-	-	3	145
£100,000 - £150,000	-	-	1	114
Total	7	196	34	655

Pension Costs - Annual Contribution (Prior Year)	2021-22	2022-23
	£000	£000
Annual Contribution	989	950
Total	989	950

10.6 AUDIT FEES

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

	2021-22*	2022-23**
	£000	£000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	211	197
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure	114	120
Fee payable for the certification of grant claims and returns	40	42
Fee payable for Audit Wales Public Interest Report	67	-
Total	432	359

* The 2021-22 fees were based on estimates in the previous year and have been restated to reflect the actual fees incurred.

** The figures for the 2022-23 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](#).

Material payments made to organisations where Members had an interest include Hywel Dda University Health Board (£1.930m 2022-23 expenditure; £0.119m creditor balance), Pembrokeshire Association of Voluntary Services (£1.327m 2022-23 expenditure), Ceredigion County Council (£0.644m 2022-23 expenditure), Visit Pembrokeshire (£0.266m 2022-23 expenditure), Midway Motors Crymych Ltd (£0.696m 2022-23 expenditure), Dyfed Archaeological Trust (£0.513m 2022-23 expenditure), Community Interest Care CIC (£1.075m 2022-23 expenditure), Pembroke Dock Town Council (£0.215m 2022-23 Expenditure; £0.005m creditor balance), Pembroke Town Council (£0.280m 2022-23 Expenditure), Milford Haven Port Authority (£0.303m 2022-23 expenditure), and Pembrokeshire Coast National Park Authority (£0.397m 2022-23 expenditure; £0.200m creditor balance).

A further £2.268m immaterial payments were made to organisations where Members had an interest, details of these can be found in the link below.

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 Audit Wales (£0.326m 2022-23 expenditure and G D Harries (£4.477m 2022-23 expenditure; £0.289m creditor balance).

A further £0.306m immaterial payments were made to organisations where officers had an interest details of these can be found in the link below.

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, 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 2023 are set out within note 12.5.3.



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	
	2021-22 £000	2022-23 £000
Balance B/fwd	-	-
Contributions:		
PCC	409	302
Hywel Dda	277	302
Expenditure in Year	686	604
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 8.22, where material, the main financial statements of the Council have been consolidated with the relevant entries.

EDUCATION THROUGH REGIONAL WORKING (ERW) AND PARTNERIAETH

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 / Partneriaeth				
Income and Expenditure	2021-22		2022-23	
	Total ERW	PCC Share	Total Partneriaeth	PCC Share
	£000	£000	£000	£000
Expenditure	4,115	846	8,677	1,891
Income	(4,048)	(833)	(8,957)	(1,952)
Net Expenditure	67	13	(280)	(61)
Net Pensions Interest	6	1	-	-
Movement on Reserves	(73)	(14)	280	61
Net (Surplus) / Deficit	-	-	-	-

Balance Sheet as at 31 March	2021-22		2022-23	
	Total ERW	PCC Share	Total Partneriaeth	PCC Share
	£000	£000	£000	£000
Current Assets	4,955	1,018	2,583	563
Current Liabilities	(4,278)	(879)	(811)	(177)
Total Assets Less Liabilities	677	139	1,772	386
Long Term Liabilities	(641)	(132)	-	-
Total Long Term Liabilities	(641)	(132)	-	-
Net Assets	36	7	1,772	386
Usable Reserves	(677)	(139)	(1,772)	(386)
Pension Reserves	641	132	-	-
Total Financing	(36)	(7)	(1,772)	(386)

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

Partneriaeth is a legally constituted Joint Committee statutory financial statements which can be obtained from the Partneriaeth website: <http://www.partneriaeth.cymru>

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.

Pembrokeshire Dock Marine Project	2021-22	2022-23
	£000	£000
Expenditure	2,588	15,374
Grant Income	(2,588)	(9,788)

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 may be a requirement for the Council to borrow.

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 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	2021-22	2022-23
	£000	£000
PCC Share of Expenditure	32	50

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

Pembrokeshire County Council – Statement of Accounts 2022-23



11.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT

11.1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND REGULATORY FUNDING BASIS

Actuals 2022-23	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	(25,752)	(5,441)	-	(31,193)	31,193
Impairment / Revaluation	(3,707)	(10,659)	-	(14,366)	14,366
Capital Grants Treated As Income	23,872	7,015	-	30,887	(30,887)
Revenue Expenditure Funded From Capital Under Statute	(5,801)	-	-	(5,801)	5,801
Disposal of Non-Current Assets	44	16	(996)	(936)	936
Use of Capital Receipts, Grants & Contributions to finance Capital Expenditure	-	-	16	16	(16)
Use of Capital Receipts set aside as reserved receipts	-	-	16	16	(16)
Financing Cost Adjustment (EIR adjustment)	44	-	-	44	(44)
Pension Cost Adjustment	(45,498)	(2,272)	-	(47,770)	47,770
Employee Benefits – Leave Accrual	(1,912)	-	-	(1,912)	1,912
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position					
Minimum Revenue Provision	4,075	1,545	-	5,620	(5,620)
Statutory Repayment of Debt (PFI)	464	-	-	464	(464)
Capital Expenditure Charged To Council Fund (inc PFI Lifecycle)	2,498	10,024	-	12,522	(12,522)
Amortisation of net premium/discounts in relation to financial instruments	1	-	-	1	(1)
Employers contributions to pension schemes	16,969	741	-	17,710	(17,710)
Net Adjustment Required	(34,703)	969	(964)	(34,698)	34,698



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)



11.2 USABLE RESERVES

11.2.1 GENERAL FUND, HRA, EARMARKED AND EDUCATION SPECIFIC RESERVES

	Balance 31 March 2022 £000	Contrib'n (from) Revenue Accounts £000	Contib'n to Revenue Accounts £000	Rationalisation** £000	Financing Adj & Tfr to Provision £000	Contrib'n to Capital Accounts £000	Balance 31 March 2023 £000
Working Balances							
General Fund	(8,000)	-	-	-	-	-	(8,000)
HRA	(752)	-	-	-	-	-	(752)
Total Working Balances	(8,752)	-	-	-	-	-	(8,752)
Earmarked Reserves							
HRA Capital Reserve							
Housing HRA	(13,686)	(8,371)	-	(1,350)	-	10,024	(13,383)
Total HRA Capital Reserve	(13,686)	(8,371)	-	(1,350)	-	10,024	(13,383)
General Fund Capital Reserves							
General Capital Fund*	(1,970)	(300)	49	(468)	-	379	(2,310)
PFI Legacy	(1,408)	-	-	-	-	-	(1,408)
Total Capital General Fund Reserves	(3,378)	(300)	49	(468)	-	379	(3,718)
General Fund Earmarked Revenue Reserves							
Insurance	(3,747)	(452)	-	1,000	795	-	(2,404)
Winter Maintenance	(227)	-	-	-	-	-	(227)
Risk Management	(3,974)	(452)	-	1,000	795	-	(2,631)
Property & Equipment*	(4,832)	(459)	-	4,401	-	166	(724)
Carriageway Reconstruction	(801)	-	295	-	-	96	(410)
Vehicles & Plant	(8,722)	(2,797)	-	-	-	1,740	(9,779)
Cleddau Bridge	(1,351)	(439)	-	-	-	-	(1,790)
West Wales Crematorium	(913)	(352)	-	-	-	29	(1,236)
Car Parks*	(661)	(205)	-	(3)	-	23	(846)
Asset Renewal & Repair	(17,280)	(4,252)	295	4,398	-	2,054	(14,785)
Elections	(559)	(170)	176	-	-	-	(553)
Social Care Reorganisation	(1,725)	(20)	477	-	-	-	(1,268)
Education Reorganisation	(1,449)	-	1,122	(272)	-	-	(599)
Mutual Investment Model (MIM)	-	(188)	-	-	-	-	(188)
Equalisation	(3,733)	(378)	1,775	(272)	-	-	(2,608)
Initiative Fund	(11,432)	(3,142)	1,654	308	-	9	(12,603)
Hardship Fund	(7,806)	(232)	3,058	(2,502)	-	-	(7,482)
Programme for Administration	(3,410)	(119)	316	(109)	-	-	(3,322)
Affordable Housing	(5,230)	(3,272)	137	-	-	-	(8,365)
Enhancing Pembrokeshire	(2,421)	(1,091)	905	-	-	-	(2,607)
Bringing Homes into Use	-	(376)	-	-	-	-	(376)
Corporate	(30,299)	(8,232)	6,070	(2,303)	-	9	(34,755)
Service Delivery	-	(2,332)	246	(2,470)	-	-	(4,556)
Planning	(185)	(19)	-	-	-	-	(204)
Building Regs	(35)	(46)	-	-	-	-	(81)
County Farms	(191)	(15)	10	-	-	-	(196)
Riverside Shopping Centre	(22)	(244)	-	(341)	-	-	(607)
Environmental Services	(666)	(86)	-	36	-	23	(693)
Regeneration Fund	(563)	-	-	563	-	-	-
Grant Exit Costs	(605)	-	-	398	-	-	(207)
Recycling	(647)	-	-	647	-	-	-
Service Delivery	(2,914)	(2,742)	256	(1,167)	-	23	(6,544)
Joint Arrangements	(63)	-	-	45	-	-	(18)
External	(63)	-	-	45	-	-	(18)
Total General Fund Revenue Earmarked Reserves	(58,263)	(16,056)	8,396	1,701	795	2,086	(61,341)
Schools ISB Balances	(11,208)	(152)	5,019	191	-	-	(6,150)
School Catering SLA	(495)	-	-	190	-	-	(305)
Schools Maintenance SLA	(1,044)	-	86	-	-	-	(958)
Schools Supply Insurance	(675)	-	137	-	-	-	(538)
ICT Infrastructure	(1,514)	(1,328)	-	(264)	-	-	(3,106)
Total Schools & Related Reserves	(14,936)	(1,480)	5,242	117	-	-	(11,057)



* Opening Balance adjusted to show Car Park Reserve separately; the presentation of the opening balances has also been adjusted to reflect the new reserve categorisation included in the updated Strategy for Holding and Utilising Reserves.

**A full review of all balances held in reserve was undertaken during 2022-23, supported by an update to the Strategy for Holding and Utilising Reserves. This resulted in the rationalisation of a number of reserves, with balances that have not been utilised during the term of the previous MTFP being re-appropriated to the Hardship Fund to be used to support the ongoing expenditure resulting from the Covid-19 pandemic and the Cost of Living Crisis. Appropriations that have been made to support specific projects have been transferred to a new Service Delivery Reserve to aid monitoring.

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 2022 £000	Rec'd In Year £000	Set Aside Prov'n £000	In Year Transfers £000	Applied to Revenue £000	Applied To Finance Expend £000	Balance at 31 March 2023 £000
Capital Receipts Reserve							
General Fund	(13,292)	(980)				16	(14,256)
HRA	-	(16)	16				-
TOTAL	(13,292)	(996)	16	-	-	16	(14,256)





12.0 NOTES TO THE BALANCE SHEET



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 £0.1m in respect of non-council housing and £0.00m in respect of Council House Sales.

12.1.1 FIXED ASSETS

The Council's fixed asset portfolio was valued at £988m as at 31 March 2023 compared to £978m as at 31 March 2022.

Fixed assets acquisitions in the year were made for consideration of £8.9m. This figure is included in the total additions value of £75.5m with the remaining value relating to construction costs or work relating to existing assets.

At 31 March 2023, surplus assets awaiting disposal have an estimated value of £2.1m, of which £0.806m is estimated as being likely to be sold within the next 12 months.

Impairments were charged in the year representing the demolition of 10 non-standard dwellings at Tudor Place, Tiers Cross to make way for the new build development.

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	Other Land & Bldings	Vehicle, Plant & Equip	Com'ty Assets	Heritage Assets	Assets Under Const'n	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	2,340	6,278	35,579	575	1,951	48,267	-	94,990
Valued at Fair Value as at:								
31 March 2023	2,556	491,742	-	-	-	-	2,133	496,431
31 March 2022	272,744	4,422	-	-	-	150	-	277,316
31 March 2021	16,969	660	-	-	-	666	-	18,295
31 March 2020	-	-	7	-	-	4,734	-	4,741
31 March 2019	-	10,282	58	45	-	6,376	-	16,761
Total Cost or Valuation	294,609	513,384	35,644	620	1,951	60,193	2,133	908,534

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 2022-23 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					
	2021-22			2022-23		
	General Fund	HRA	Total	General Fund	HRA	Total
£000	£000	£000	£000	£000	£000	
Property Plant & Equipment						
Council Dwellings	1,208	296,532	297,740	1,188	297,801	298,989
Land & Buildings	487,428	1,494	488,922	509,684	1,501	511,185
Infrastructure	131,773	-	131,773	136,144	-	136,144
Vehicles Plant & Equipment	16,534	230	16,764	16,370	143	16,513
Heritage Assets	847	-	847	1,118	-	1,118
Community Assets	527	-	527	557	-	557
Assets Under Construction	38,648	87	38,735	58,556	206	58,762
Surplus Assets	2,713	-	2,713	2,134	-	2,134
	679,678	298,343	978,021	725,751	299,651	1,025,402
Intangibles	100	-	100	105	-	105
Assets Held for Sale	-	-	-	-	-	-
Total	679,778	298,343	978,121	725,856	299,651	1,025,507



12.1.1.4 MOVEMENT IN NON-CURRENT ASSET VALUES PROPERTY, PLANT & EQUIPMENT DETAILS 2022-23

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 2022	290,290	495,178	-	37,005	590	1,680	40,153	2,728	867,624
Opening Balance Adjustment	(1,803)		-	(82)					(1,885)
Cost or Valuation At 1 April 2022	288,487	495,178	-	36,923	590	1,680	40,153	2,728	865,739
Additions	17,253	6,907	7,940	4,307	14	729	19,992	-	57,142
De-recognition / disposals	(578)	(222)	-	(5,557)	-	-	-	(445)	(6,802)
De-recognition – other (component)	(8,866)	(4,827)	(252)	(29)	(14)	(458)	(288)	-	(14,734)
Revaluation Acc Dep & Imp w/o to Gross Carrying Amount	-	(21,280)	-	-	-	-	-	(703)	(21,983)
Revaluations increases / (decreases) recognised in the Revaluation Reserve	2	35,651	-	-	-	-	-	701	36,354
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1,689)	2,193	-	-	-	-	-	2	506
Other Movements	-	(216)	-	-	30	-	336	(150)	-
At 31 March 2023	294,609	513,384	7,688	35,644	620	1,951	60,193	2,133	916,222
Depreciation & Impairments									
Depreciation	(592)	3,677	-	(17,540)	-	-	(206)	(21)	(14,682)
Impairment	(1,043)	(9,933)	-	(2,701)	(63)	(833)	(1,212)	6	(15,779)
At 31 March 2022	(1,635)	(6,256)	-	(20,241)	(63)	(833)	(1,418)	(15)	(30,461)
Opening Balance Adjustment									
Depreciation	-	-	-	29	-	-	-	-	29
Infrastructure Adj	254	-	-	-	-	-	-	-	254
Depreciation & Impairments									
Depreciation	(338)	3,677	-	(17,511)	-	-	(206)	(21)	(14,399)
Impairment	(1,043)	(9,933)	-	(2,701)	(63)	(833)	(1,212)	6	(15,779)
At 1 April 2022	(1,381)	(6,256)	-	(20,212)	(63)	(833)	(1,418)	(15)	(30,178)
Depreciation Charge for 2022-23	(5,349)	(17,201)	(3,317)	(4,433)	-	-	-	(702)	(31,002)
Impairment Losses & Non-Enhancing Expenditure to Surplus/Deficit on the Provision of Services	(102)	(36)	-	-	-	-	-	-	(138)
Derecognition / Disposals:									
~ W/O Accumulated Depreciation	578	-	-	5,514	-	-	-	15	6,107
Revaluations:									
~ W/O Accumulated Depreciation	-	19,105	-	-	-	-	-	703	19,808
~ W/O Accumulated Impairment	-	2,176	-	-	-	-	-	-	2,176
Reclassifications:									
~ Transfer Accumulated Depreciation b/fwd	-	13	-	-	-	-	(13)	-	-
At 31 March 2023	(6,254)	(2,199)	(3,317)	(19,131)	(63)	(833)	(1,431)	1	(33,227)
Infrastructure NBV Bfwd**	10,634	-	131,773	-	-	-	-	-	142,407
Balance Sheet Amount at 31 March 2023	298,989	511,185	136,144	16,513	557	1,118	58,762	2,134	1,025,402
Balance Sheet Amount at 31 March 2022	297,740	488,922	131,773	16,764	527	847	38,735	2,713	978,021

* Opening Balance adjustment for HRA infrastructure and intangible assets

** 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 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



12.1.1.6 HERITAGE ASSETS

Heritage Assets with a net carrying amount of £1.118m and £0.847m were held for 2022-23 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 :	2021-22 £000	2022-23 £000
Disposals*		
Council Housing	-	-
Building Plots and Land	801	-
Investment Property	-	-
Other	-	1,820
Total Disposals	801	1,820
De-recognitions**		
Council Housing	-	578
Building Plots and Land	-	-
Investment Property	-	-
Other	3,265	4,404
Total De-recognitions	3,265	4,982

*Disposals refer to assets disposed for a sale value.

**De-recognitions refer to assets which have been demolished or written off.

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 £0.100m and £0.105m for 2021-22 and 2022-23 respectively.

12.1.4 IFRS 13 FAIR VALUE MEASUREMENT – SURPLUS ASSETS

The fair value of the Council's surplus assets were £2.713m and £2.134m as at 31 March 2022 & 2023 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.

	2021-22 £000	2022-23 £000
Capital Expenditure Analysed by Services:		
Education	28,544	13,089
Social Services	752	908
Transport	11,023	10,097
Housing – H.R.A.	18,257	17,321
Housing – Council Fund	2,254	1,620
Culture & Related Services	4,629	2,457
Development	5,246	9,411
Environmental	2,054	3,902
Corporate	2,813	1,340
City Deal	2,588	15,376
	78,160	75,521
Assets Acquired Under Finance Leases in the Year	30	53
Capital Investment	78,190	75,574
Representing:		
Fixed Assets Property Plant & Equipment	72,282	57,142
Intangible Assets	168	143
Loans & Advances	658	115
Gross Revenue Expenditure Funded from Capital Under Statute	5,082	18,174
	78,190	75,574
Financed by:		
Loans/Supported Borrowing	6,526	14,428
Unsupported Borrowing/LGFI	4,601	5,295
Capital Grants & Other Contributions	62,140	43,260
General Fund Reserves & Receipts Applied	4,893	12,538
Finance Leases	30	53
	78,190	75,574



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.

	2021-22 £000	2022-23 £000
Capital Financing Requirement as at 1 April	232,569	236,679
Movements in Year		
Increase/(Decrease) in Supported Borrowing (Local & Central Taxation)	4,080	13,623
Assets Acquired/Disposed of Under Finance Leases	30	53
Capital Finance Requirement as at 31 March	236,679	250,355
In Year Movement		
Capital Investment:		
Property Plant and Equipment	72,282	57,142
Intangible Assets	168	143
Loans & Advances	658	115
Revenue Expenditure Funded From Capital Under Statute	5,082	18,174
Sub-total	78,190	75,574
Total	78,190	75,574
Sources of Finance:		
Capital Receipts	(58)	(16)
Set Aside Capital Receipts	(131)	(16)
Government Grants and Other Contributions	(62,140)	(43,260)
Sums Set Aside From Revenue:		
- Direct Revenue Contribution	(4,835)	(12,522)
- Minimum Revenue Provision	(6,916)	(6,084)
	(74,080)	(60,141)
Increase/(Decrease) in Capital Financing Requirement	4,110	13,676

12.1.5.3 CAPITAL CONTRACT COMMITMENTS

The following represents amounts committed under major works contracts. £1.517m has been accrued in the 2022-23 accounts.

The major commitments under capital contracts at the 31 March are:	2021-22 £000	2022-23 £000
Education	12,724	11,370
Social Care	13	109
Transport	4,890	2,911
Housing – H.R.A.	5,241	3,232
Housing – Council Fund	498	26
Culture & Related Services	1,132	1,757
Development	3,332	2,583
Environmental	1,259	26,898
Corporate	218	301
	29,307	49,187



The main cause for the commitments increasing was due to the commencement of the Eco Park, within Environmental Services.

12.2 LEASE AND LEASE TYPE ARRANGEMENTS

12.2.1 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 £0.490m and £0.474m for 2021-22 and 2022-23 respectively.

The minimum lease payments due under Finance Lease arrangements are £0.932m and £0.941m at 31 March 2022 and 31 March 2023 respectively.

12.2.2 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 £0.890m were made at the inception of the agreements. No liability is therefore outstanding.

Anticipated receipts from operating leases running up to 999 years is £23.823m.

Receipts Due	Payments Receivable 2023-24	Payments Recievable 2024/25 - 2027/28	Payments Receivable Post 2028	Total
	£000	£000	£000	£000
Finance Leases				
Gross investment in leases	-	-	-	-
Minimum lease receipts*	-	-	14	14
Operating Leases				
Minimum aggregate lease payments	2,504	4,411	16,908	23,823

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

12.3 INVENTORIES

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

	Building & Engineering Stores	Culture Environ & Planning	Catering	Other	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2022	957	352	119	59	1,487
Balance at 31 March 2023	906	440	130	44	1,520



12.4 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 2023 was £62.0m. The corresponding fair value of investments at 31 March 2022 was £73.8m.

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 31 March 2022 £000	Maturity Value			Interest Accrued in Year £000	Amortised Value 31 March 2023 £000	Fair Value 31 March 2023 £000
		1 April 2022 £000	Movement In Year £000	31 March 2023 £000			
Short Term (under 12 months)							
Money Market	25,027	25,000	-	25,000	201	25,201	25,135
	25,027	25,000	-	25,000	201	25,201	25,135
Cash Equivalent							
Money Market	48,775	48,756	(12,062)	36,694	133	36,827	36,893
Total Investments	73,802	73,756	(12,062)	61,694	334	62,028	62,028

12.5 DEBTORS AND CREDITORS

12.5.1 DEBTORS AND PREPAYMENTS

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

	Net 1 April 2022 £000	Gross 31 March 2023 £000	Impairment Allowance £000	Net 31 March 2023 £000
Amounts falling due after one year:				
Other Loans	3,517	3,396	-	3,396
Debts Against Estates	1,183	1,714	-	1,714
	4,700	5,110	-	5,110
Amounts falling due in one year:				
Trade Receivables	18,122	33,509	(5,133)	28,376
Prepayments	2,811	1,984	-	1,984
Other Receivable Amounts	59,213	67,388	(8,330)	59,058
	80,146	102,881	(13,463)	89,418

The movement is primarily due an increase in the balance held relating to the NNDR Pool.



12.5.2 CREDITORS & SHORT-TERM BORROWING

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

	Balance 31 March 2022				Balance 31 March 2023			
	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	(33,435)	-	(8,448)	(41,883)	(31,048)	(14)	(10,380)	(41,442)
Other Payables	(18,710)	(3,277)	(10,655)	(32,642)	(27,354)	(1,841)	(16,000)	(45,195)
	(52,145)	(3,277)	(19,103)	(74,525)	(58,402)	(1,855)	(26,380)	(86,637)
Loan Interest				(1,047)				(1,014)
Loans Maturing within One Year				(1,194)				(12,196)
Total Creditors				(76,766)				(99,847)

The increase in short term creditors has a number of contributory factors. This includes movement in creditors relating to public bodies, timing of housing benefit payments, pension payments and timing of redundancy payments.

12.5.3 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 2022	Applied in Year Conditions Met	Received In Year Conditions Outstanding	Balance at 31 March 2023
Current Liability:				
Revenue Grants				
• General Fund	(3,277)	1,849	(427)	(1,855)
• HRA	-	-	-	-
Capital Grants				
• General Fund	(19,103)	4,477	(11,754)	(26,380)
• HRA	-			-
Total	(22,380)	6,326	(12,181)	(28,235)



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

Capital Grants Receipts in Advance	2021-22 £000	2022-23 £000
Current Liabilities		
WG - Home Improvements	(1)	(1)
WG - Town Centre	(3,204)	(3,204)
WG - Withybush Food Park	(2,964)	(1,163)
WG - Additional General Capital Grant	(2,959)	-
WG - Transport Interchange	-	(7,462)
LUF Haverfordwest Castle	-	(2,324)
Contribution to Group Repair Schemes	(185)	(185)
S106 Developers Contributions	(6,686)	(8,160)
Other Capital Grants & Contributions	(3,104)	(3,881)
Total Current Liabilities Capital Grants Receipts in Advance	(19,103)	(26,380)

Revenue Grants Receipts in Advance	2021-22 £000	2022-23 £000
Current Liabilities		
Education	(1,005)	(233)
Children & Adult Social Services	(680)	(352)
Community Services*	(1,543)	(1,191)
Central & Corporate Services	(26)	(12)
General Fund Housing & HRA	(23)	(67)
Total Current Liabilities Revenue Grants Receipts in Advance	(3,277)	(1,855)

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

12.6 CASH AND CASH EQUIVALENT

	Balance 31 March 2022 £000	Balance 31 March 2023 £000
Cash at bank / in hand	782	(578)
Bank Call Accounts	48,757	36,827
Total Cash and Cash Equivalents	49,539	36,249



12.7 ASSETS HELD FOR SALE

	2021-22 £000	2022-23 £000
Balance outstanding at start of year	350	-
Assets classified as Held for Sale during year	451	-
Revaluation gains / losses	-	-
Assets sold	(801)	-
Balance outstanding at end of year:	-	-

12.8 PROVISIONS AND CONTINGENT LIABILITIES AND ASSETS

12.8.1 PROVISIONS

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

	2021-22			2022-23		
	Insurance £000	Other £000	Total £000	Insurance £000	Other £000	Total £000
Brought Forward at 1 April	(2,446)	-	(2,446)	(2,418)	-	(2,418)
Cost of Claims Charged To Services	537	-	537	553	-	553
Less : External Reimbursement	(17)	-	(17)	(7)	-	(7)
Other	-	-	-	-	-	-
Charged To Provision	520	-	520	546	-	546
Contributions & Transfers In Year	(492)	-	(492)	(795)	-	(795)
Balance Carried Forward at 31 March	(2,418)	-	(2,418)	(2,667)	-	(2,667)

12.8.2 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 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 terminated on 1 December 2022.

- 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 £0.150m.
- 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.
- Pembrokeshire County Council has confirmed that following a review of our asset records and site surveys undertaken in certain circumstances, there has been no Reinforced Autoclaved Aerated Concrete (RAAC) products identified in any of our school buildings, wider public assets or Council housing.
- With regard to the equal pay requirements contained within the Equality Act, the Council has sought to ensure that there is no unlawful discrimination within its pay structures and that all pay differentials can be objectively justified through the use of a valid job evaluation scheme which directly relates basic pay to the requirements, demands and responsibilities of each role. The Council applies the concept of job families and role profiles when evaluating jobs.

12.8.3 CONTINGENT ASSETS

None.

12.9 LONG TERM BORROWING

12.9.1 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	2021-22	Market Loans	WG	PWLB	2022-23
	£000	£000	£000	£000	£000
Maturity Value	(202,738)	(40,000)	(2,140)	(148,814)	(190,954)
Financial Adjustment Account Entries					
Effective Interest Rate Adjust					
• Prior years	(479)	(559)	177	-	(382)
• Current year	97	5	39	-	44
Deferred Liabilities Account Entries					
Discounts Transferred	(200)	(200)	-	-	(200)
Less Discount write down					
• Prior years	25	27	-	-	27
• Current year	2	3	-	-	3
Council Fund Account Entries					
Effective Interest Rate w/off	(8)	(8)	-	-	(8)
Amortised Value	(203,301)	(40,732)	(1,924)	(148,814)	(191,470)

12.9.2 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 2023. 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	2021-22	Market Loans	WG	PWLB	2022-23
	£000	£000	£000	£000	£000
Maturity Value					
As at 1 April					
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)
Repaid in Year	1,692	-	162	1,032	1,194
Raised in Year	(1,000)	-	(412)	-	(412)
As at 31 March					
Long Term Borrowing	(202,738)	(40,000)	(2,140)	(148,814)	(190,954)
Short Term Borrowing	(1,194)	-	(162)	(12,034)	(12,196)
Total Borrowing	(203,932)	(40,000)	(2,302)	(160,848)	(203,150)
Change in amount due in less than 1 year	498	-	-	(11,002)	(11,002)
Fair Value	(274,050)	(40,394)	(1,751)	(158,424)	(200,569)

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 2023. However for comparison calculating fair value using exit pricing would have resulted in a value of £228.05m 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 2023 is shown within note 12.12.3.2.



12.10 DEFERRED LIABILITIES

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

	Balance at 1 April 2022 £000	Incurred In Year £000	Released In Year £000	In Year PV Adjust-ment £000	Balance at 31 March 2023 £000
S. Care Debts Against Estates	(1,182)	(531)	-	-	(1,713)
Finance Leases (Property)	(160)	-	-	-	(160)
Finance Leases (Equipment)	(29)	(46)	25	-	(50)
Total	(1,371)	(577)	25	-	(1,923)

12.11 USABLE RESERVES

	2021-22 £000	2022-23 £000
Earmarked Reserves (see note 11.2.1)	(90,263)	(89,499)
Capital Receipts and Contributions (see note 11.2.2)	(13,292)	(14,256)
Total	(103,555)	(109,755)

12.12 UNUSABLE RESERVES

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

	Balance at 1 April 2022 £000	Movement in Year £000	Balance at 31 March 2023 £000
Capital Adjustment Account	(487,050)	(7,802)	(494,852)
Revaluation Reserve	(258,083)	(25,781)	(283,864)
Financial Instruments Adjustment Account	449	(45)	404
Accumulated Absences Account	1,809	1,912	3,721
Pensions Reserve *	234,555	(285,595)	(51,040)
Unusable Reserves Total	(508,320)	(317,311)	(825,631)

* Opening balance adjustment to include the ERW / Partneriaeth pension liability



12.12.1 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.

	2021-22 £000	2022-23 £000
Balance 1 April	(417,003)	(487,050)
Amounts Set Aside To Repay Debt		
- Minimum Revenue Provision	(6,916)	(6,084)
- Reserved Capital Receipts	(131)	(16)
Financing of Expenditure on Fixed Assets:		
- Capital Fund applied	(3,395)	(10,403)
- Other Funds applied	(1,440)	(2,119)
- Capital Receipts applied	(58)	(16)
- Capital Grants & Contributions credited to CI&E applied to capital financing	(57,105)	(30,887)
Income & Expenditure Statement Charges:		
- Write down of Net Revenue Expenditure Funded from Capital Under Statute	47	5,801
- Amount Provided for Depreciation	25,907	31,193
- Non-Enhancing Expenditure	10,264	14,734
- Impairment	492	138
- Revaluation Loss	6,513	3,696
- Revaluation Gain used to reverse previous Revaluation Loss	(41,023)	(4,202)
- Write down of Deferred Liability	744	243
Fixed Asset Movements:		
- Disposals	833	693
Revaluation Reserve Movements:		
- Amounts written off	(4,779)	(10,573)
Balance Carried Forward 31 March	(487,050)	(494,852)

12.12.2 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



	2021-22 £000	2022-23 £000
Balance Brought Forward at 1 April	(157,482)	(258,083)
Revaluation Gains	(108,909)	(59,215)
Downward revaluation and impairment*	3,529	22,861
Surplus/Deficit on revaluation of non-current assets not charged to the surplus/deficit on the provision of services	(105,380)	(36,354)
Write off excess current value depreciation over historical cost depreciation	4,420	10,314
Write off balance re asset disposals	359	259
Total Written Off	4,779	10,573
Balance Carried Forward at 31 March	(258,083)	(283,864)

* 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

12.12.3 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.

	2021-22 £000	2022-23 £000
Balance 1 April	633	449
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	(97)	(44)
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)	(1)
Balance 31 March	449	404

12.12.3.1 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 the average interest rates had been 1% higher for 2022-23 the net financial effect would be increased interest income of £0.679m..

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 2023.
- 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 2023 there was a debtor of £0.622m relating to grant outstanding, therefore the exchange rate risk is immaterial.

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

Profile at 31 March 2023

Due for Redemption Within:	1 Year	1-2 Years	2 to 5 Years	5 to 10 Years	Over 10 Years	Total 2022-23
	£000	£000	£000	£000	£000	£000
Market Loans					40,000	40,000
WG	162	529	1,038	573	-	2,302
PWLB	12,034	1,552	5,529	24,234	117,499	160,848
Total	12,196	2,081	6,567	24,807	157,499	203,150
Fixed rate	12,196	2,081	6,567	24,807	142,499	188,150
Variable rate					15,000	15,000
Total	12,196	2,081	6,567	24,807	157,499	203,150



12.12.3.3 ANALYSIS OF INVESTMENT PORTFOLIO AT MATURITY VALUE BY CREDIT EXPOSURE AND BY MATURITY PROFILE AT 31 MARCH 2023

Due for Realisation Within :	1 Year	2 Years	5 Years	Total 2022-23
	£000	£000	£000	£000
Specified Investments (duration when made less than 364 days)				
Banks & Building Societies	61,694	-	-	61,694
Total	61,694	-	-	61,694
Fixed rate	25,000	-	-	25,000
Variable rate (Call Accounts/MMF)	36,694	-	-	36,694
Total	61,694	-	-	61,694

12.12.4 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.

	2021-22 £000	2022-23 £000
Balance 1 April	1,476	1,809
Settlement or cancellation of preceding year's accrual	(1,476)	(1,809)
Accrual for current year	1,809	3,721
Balance 31 March	1,809	3,721

12.12.5 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 credit balance on the Pensions Reserve reflects the excess 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.



	2021-22 £000	2022-23 £000
Balance 31 March	265,064	233,914
Recognition of ERW / Partneriaeth Pension Reserve	-	641
Balance 1 April	265,064	234,555
Remeasurements of Pension Liabilities and Assets	(58,052)	(315,655)
Reversal of items chargeable to the surplus/ deficit on the provision of services in the Comprehensive Income and Expenditure Statement	42,891	47,770
Employers pension contributions and other direct payments in the year	(15,989)	(17,710)
Balance 31 March	233,914	(51,040)

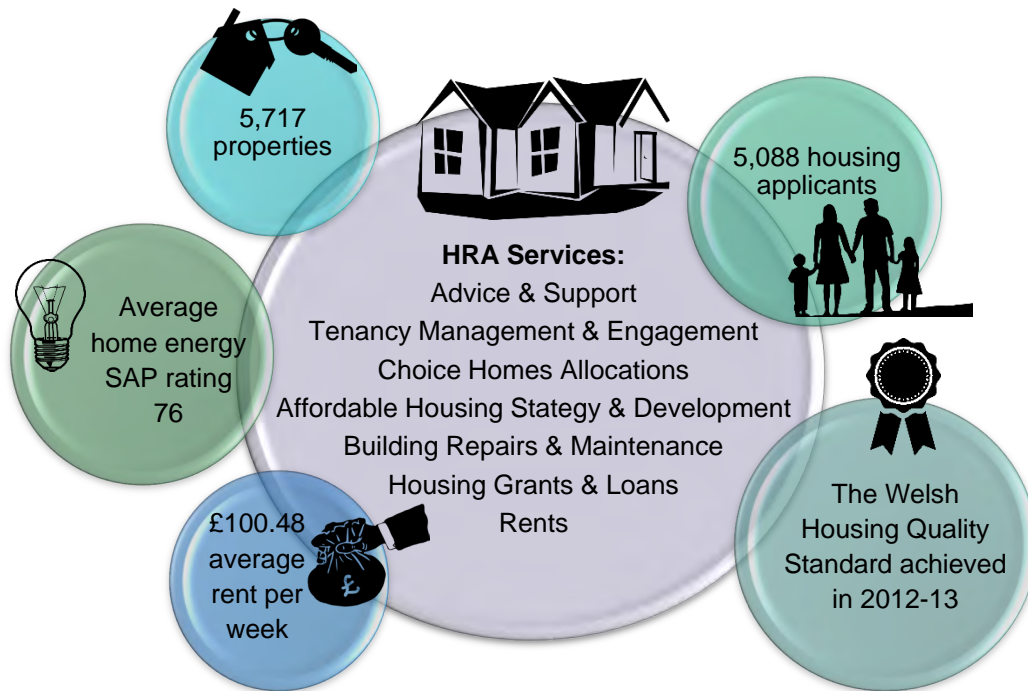




13.0 HOUSING REVENUE ACCOUNT (HRA)

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.

	2021-22		2022-23	
	HRA Working Balance	Earmarked HRA Reserves	HRA Working Balance	Earmarked HRA Reserves
	£000	£000	£000	£000
Balance 1 April	(752)	(10,621)	(752)	(13,686)
(Surplus) / Deficit On HRA Services	(38,501)	-	204	-
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	15,153	-	(16,100)	-
- Capital Grants treated as revenue income	15,388	-	7,015	-
- Net gain or loss on disposal of non-current assets	130	-	16	-
- Pension Cost Adjustment	(2,047)	-	(2,272)	-
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	2,850	-	10,024	-
- Employer's contribution to the Dyfed Pension Fund	735	-	741	-
Net (Increase) / Decrease Before Transfers (To) / From Reserves	33,754	-	969	-
Transfers (To)/ From Reserves	4,747	(3,065)	(1,173)	303
(Increase) / Decrease In Year	38,501	(3,065)	(204)	303
Balance 31 March	(752)	(13,686)	(752)	(13,383)



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.

	2021-22			2022-23		
	Rent Setting	Adjusts	IFRS Report	Rent Setting	Adjusts	IFRS Report
	£000	£000	£000	£000	£000	£000
Income						
Rents: Dwellings (gross)	(24,900)	-	(24,900)	(25,943)	-	(25,943)
Other	(371)	-	(371)	(377)	-	(377)
Charges for services and facilities	(384)	-	(384)	(386)	-	(386)
Contributions towards expenditure	(599)	(3)	(602)	(846)	(16)	(862)
Total Income	(26,254)	(3)	(26,257)	(27,552)	(16)	(27,568)
Expenditure						
Repairs and maintenance (Pensions IAS19 adj)	8,735	401	9,136	8,912	-	8,912
Supervision and management (Pensions IAS19 adj)	4,755	648	5,403	5,118	1,237	6,355
Rents, rates, taxes & other charges	15	-	15	98	-	98
Bad debt provision	702	-	702	381	-	381
Depreciation, impairment & revaluation movements of non current assets	-	(15,153)	(15,153)	-	16,100	16,100
Debt management costs	10	-	10	10	-	10
Total Expenditure	14,217	(14,104)	113	14,519	17,337	31,856
HRA services share of corporate and democratic core	78	-	78	83	-	83
Net Cost / (Income) of HRA Services	(11,959)	(14,107)	(26,066)	(12,950)	17,321	4,371
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement						
Interest receivable	(23)	-	(23)	(323)	-	(323)
Minimum Revenue Provision	1,545	(1,545)	-	1,545	(1,545)	-
Interest payable (including debt redemption premiums and discounts)	2,840	-	2,840	2,877	-	2,877
Appropriations to Reserves	7,597	(7,597)	-	8,850	(8,850)	-
(Gains)/Loss on HRA assets	-	(127)	(127)	-	-	-
Major Repairs Allowance & Other Grants	-	(15,388)	(15,388)	-	(7,015)	(7,015)
Pensions interest costs and expected rate of return	-	263	263	-	294	294
(Surplus) / Deficit for Year on HRA Services	-	(38,501)	(38,501)	-	204	204



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 5,707 dwellings and 1,075 shops and garages in 2022-23 comprising of:

	Stock at 1 April 2022	Additions	Transfers	Sales / Demolitions / Reconfigurations	Stock at 31 March 2023
Houses / Bungalows	4,410	14	-	-	4,424
Bedsits and Flats	1,286	7	-	-	1,293
Shops and Garages	1,075	-	-	-	1,075
Pumping Stations & Treatment Works	27	-	-	-	27
Total Stock	6,798	21	-	-	6,819

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 approved by Council on [3 March 2022](#) and collected over 48 weeks, with effect from 5th April 2022.

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 £94.54. Individual rent increases applied varied between £0.42 and £8.14 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 2021-22 which are 1.5% (CPI plus 1%) plus transitional variable increases of up to 50p per week (52 weeks) and £87.43 respectively.

Tenants & Former Tenants	2021-22 £000	2022-23 £000
Gross Arrears	2,969	4,366
Bad Debt Provision	(2,535)	(2,921)
Net Arrears at 31 March	434	1,445

13.3.3 SERVICES CHARGES

Welsh Government require Service Charges to be de-pooled from rents. During 2022-23 tenants were charged for all services received with the exception of Grounds maintenance services. Individual tenants were charged between £0.32 and £34.77 per week. 1,084 PCC tenants were charged for services with the average weekly charge being £5.41 per week (52 weeks).

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 2022-23 there was no HRA Land purchased. The HRA did purchase 21 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 31 March 2022	274,086	14,401	1,803	290,290	547
Opening Balance Adjustment	-	-	(1,803)	(1,803)	-
At 1st April 2022	274,086	14,401	-	288,487	547
Additions	11,251	4,319	1,683	17,253	119
Derecognition - disposals	(578)	-	-	(578)	-
Derecognition - other	(8,500)	(366)	-	(8,866)	-
Revaluation Acc Dep & Imp w/o to GCA	-	-	-	-	-
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	2	-	-	2	-
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,689)	-	-	(1,689)	-
Reclassifications - PPE & Investment	-	-	-	-	-
Reclassifications - Held for Sale	-	-	-	-	-
Reclassifications - Other	-	-	-	-	-
At 31st March 2023	274,572	18,354	1,683	294,609	666
Depreciation & Impairments					
Depreciation	(93)	(245)	(254)	(592)	-
Impairment	(803)	(240)	-	(1,043)	(418)
At 31 March 2022	(896)	(485)	(254)	(1,635)	(418)
Opening Balance Adjustment			254	254	
At 1st April 2022	(896)	(485)	-	(1,381)	(418)
Depreciation Charge for 2022-23	(4,805)	(246)	(298)	(5,349)	-
Impairment Losses to RR	-	-	-	-	-
Impairment Losses to Surplus/Deficit on the Provision of Services	(102)	-	-	(102)	-
Disposals:					
~ W/O Accumulated Depreciation	578	-	-	578	-
~ W/O Accumulated Impairment	-	-	-	-	-
Revaluations:					
~ Revaluation Acc Dep w/o to GCA	-	-	-	-	-
~ Revaluation Acc iMP w/o to GCA	-	-	-	-	-
Reclassifications:					
~ Transfer Accumulated Depreciation b/fwd	-	-	-	-	-
~ Transfer Accumulated Impairment b/fwd	-	-	-	-	-
At 31st March 2023	(5,225)	(731)	(298)	(6,254)	(418)
Infrastructure NBV Bfwd*	-	-	10,634	10,634	-
Balance Sheet Amount at 31st March 2023	269,347	17,623	12,019	298,989	248
Balance Sheet Amount at 1st April 2022	273,190	13,916	10,634	297,740	129

* 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:	2021-22 £000	2022-23 £000
Major Repairs Allowance Grant	3,993	3,997
Capital Grants & Contributions	11,625	3,301
Capital Receipts	-	-
Capital Fund	2,850	10,024
Total	18,468	17,322
Receipts From Asset Disposals	(131)	(16)

13.3.6 HRA PENSION COSTS

HRA pension contributions of £1.237m 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 £5.2m in 2021-22 (restated) and £5.2m in 2022-23. Included within the 2022-23 balance is £0.9m in relation to Direct Payments (£0.7m 2021-22), which refer to accumulated funds held on behalf of the recipients' accounts that are directly controlled by the Council.

