

PEMBROKESHIRE COUNTY COUNCIL

*Annual Financial Report
Including Statement of Accounts*

2023-24

Draft subject to Audit

16 August 2024

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1.0 NARRATIVE REPORT

Pembrokeshire County Council – Statement of Accounts 2023-24



1.0 NARRATIVE REPORT

1.1 INTRODUCTION

Pembrokeshire County Council's Statement of Accounts for 2023-24 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 ten years of real reductions¹ in financial settlements and significant workforce pay inflation, non-workforce inflation, demographic and legislative pressures, resulting in a funding gap of £142.5m² (2014-15 to 2023-24). The funding gap was bridged by a combination of £33.9m additional income from Council Tax increases (including base changes), £96.7m in cost reductions/efficiencies/budget savings³, a £4.4m contribution from the Council Tax 2nd homes income and a £7.5m one-off contribution from reserves.

The approved revenue net expenditure budget for 2023-24 was £287.6m. This budget was set against a backdrop of exceptional inflationary / cost of living increases coupled with a very challenging recruitment market resulting in a high level of uncertainty, making budget projections difficult to predict. This uncertainty continued throughout 2023-24.

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 County Council Budget Outturn Monitoring Report 2023-24 was approved by Cabinet on 11 July 2024.

These accounts have been prepared with the ongoing impact of the cost of living crisis together with increased level of demand, complexity and cost of packages within our School ALN provision, Children's Services, Adult Services and Homelessness in mind particularly in section 6.0 Critical Judgements in Applying Accounting Policies and Estimation Risk; and section 12.10.3.1 Nature and Extent of Risks Arising from Financial Instruments.

¹ 2023-24 saw a 7.9% increase in AEF, 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.



1.2 ORGANISATIONAL OVERVIEW

1.2.1 KEY FACTS ABOUT PEMBROKESHIRE

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

Pembrokeshire County Council provides a wide range of services for residents, businesses and visitors, details of which can be found on the Council's [website](#).

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 2023-24 were:

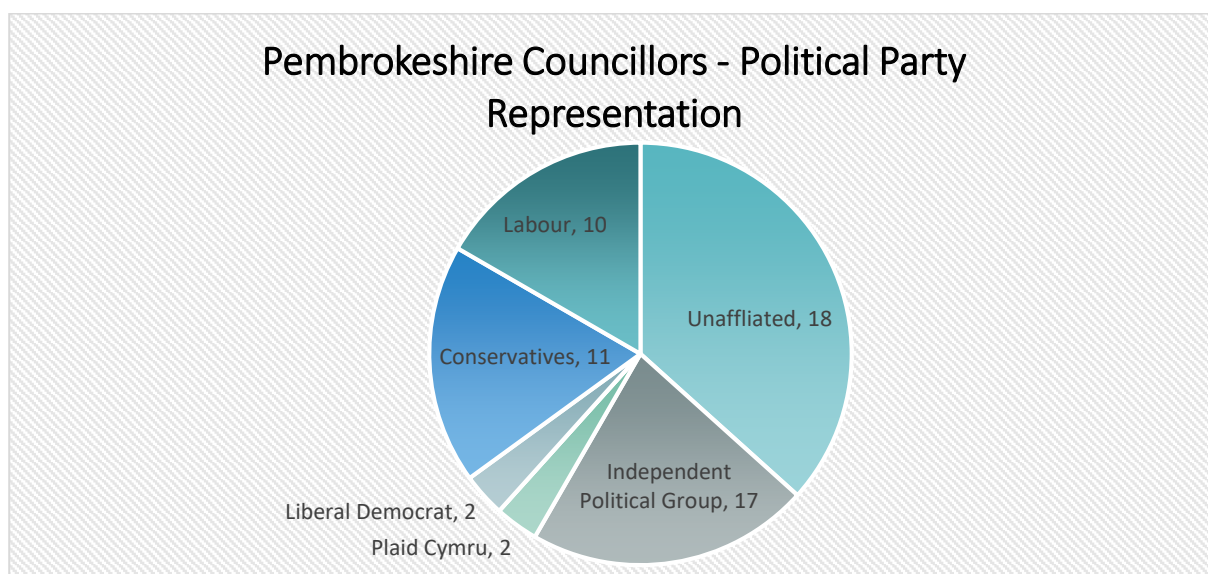
- Education - We will improve the provision of education and learning, equipping our learners with lifelong skills and knowledge they will need for the future.
- Social Care - We will ensure the appropriate provision of care and support, focusing on prevention and ensuring vulnerable people are safe.
- Housing - We will enable the delivery of affordable, available, adaptable and energy efficient homes.
- Economy - We will deliver our economic ambition through supporting growth, jobs and prosperity and enable the transition to a more sustainable and greener economy.
- Decarbonisation and the nature emergency - We will promote and support initiatives to deliver decarbonisation, manage climate adaptation and tackle the nature emergency.
- Sustainable communities - We will support our communities, maintaining positive relationships with them to help to build active, resourceful, connected, sustainable and creative communities.
- Welsh Language - We will support the Welsh language within communities and through schools.
- Core Services - We will focus resources on delivering core services such as highways, waste and recycling, public protection and leisure and culture that contribute to communities' quality of life, ensuring residents live in neighbourhoods that are clean, green, safe and active.
- Reducing Poverty - We will develop a strategy to reduce poverty and inequality.
- Good governance - We will build a culture of good governance in the Council to enhance trust and confidence in our decision-making processes.
- Financial resilience - We will be a financially sustainable and resilient Council managing our resources and assets effectively and efficiently, for instance by reviewing and optimizing our corporate estate.

- Workforce - We will enhance the development of our workforce, improving skills and opportunities as well as tackling issues of recruitment and retention.

Progress against the delivery of our Well-being Objectives for 2023-24 will be reported in our annual self-assessment report (see below).

1.2.4 POLITICAL PROFILE

During 2023-24, the Council comprised of 60 elected Members who each represented residents in different areas of Pembrokeshire. The Council has adopted the Leader and Cabinet model of governance. The Cabinet was a mix of Labour, Plaid Cymru, Liberal Democrat and unaffiliated Councillors led by an unaffiliated Leader. The chart below shows the Council's Political Profile at 31 March 2024.



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 approved a revised Constitution based on the Welsh Model Constitution 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 2023-24 will be considered by the Governance and Audit Committee on 01 October 2024 and approved by Council on 14 October 2024.



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 18 April 2024.

1.2.7 IMPROVEMENT AND TRANSFORMATION PROGRAMME

The Council's Transformation Programme was in place from 2018 to 2022. During 2023 the programme has evolved into the Council's Improvement and 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 provides Directors, Heads of Service and Corporate Managers with the tools required to assist them in achieving their budget savings targets 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 Strategy and the current financial position. The focus for the programme is realigning over the next 12 months with a stronger emphasis on financial savings and the development of a new organisational model. This area of work remains a key priority for the organisation to support financial savings using a range of methodologies.

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 Pembrokeshire's Public Services Board (PSB) and 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.

The Council recently undertook a review of its list of key strategic partnerships to ensure that governance arrangements are robust, proportionate and fit for purpose, Cabinet approved the list at its meeting on 11 July 2024. Details of the Council's Strategic Partnerships are included within the Annual Governance Statement.

1.3 PERFORMANCE 2023-24

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. Council also determined at its October 2023 meeting that the first Panel Performance Assessment (PPA), another requirement under the Local Government and Elections (Wales) Act, will take place in the spring/early summer of 2025.

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, this was renamed the Budget Performance Discussion Group in 2024-25 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 29 January 2024, with a revised Corporate Governance Improvement Plan being approved by Council on 12 October 2023.

1.3.2 REVENUE OUTTURN 2023-24

The County Council Budget Outturn Monitoring Report 2023-24 was approved by Cabinet on 11 July 2024. The revenue outturn financial position confirms the Council's net expenditure for 2023-24 at £290.613m after appropriations to and from reserve, an overspend of £3.015m. An MRP adjustment to offset an overpayment of MRP in 2019-20 has resulted in the Council's net expenditure for 2023-24 reducing to **£288.979m** and the overspend reducing to **£1.381m**. This represents an improved position from the £6.6m projected overspend reported at Quarter 3 (Q3) mainly due to continued vacancy management savings, the moratorium on non-essential expenditure, additional income and grant income received during the final quarter of the year, and further reduction in capital financing costs. The outturn included £1.128m more Council Tax income than anticipated when the original 2023-24 budget was approved. The remaining £0.253m shortfall was funded from the Initiative Fund reserve.



During 2023-24 the majority of services experienced 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 £0.497m increase in bad debt provision in 2023-24.

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 2023-24, however, due to the significant projected funding gap for 2023-24 identified in Autumn 2022, the Chief Executive determined that the approach should be amended to give Members the opportunity to consider and compare budget saving options across the Council and not just within each service area. The allocation of funding for services from additional AEF and any Council Tax increase for 2023-24 was allocated following approval of budget saving options. Whilst this approach is different to that undertaken in previous years, it resulted in the same balanced budget position.

	Original 2023-24	January Rolling Budget 2023-24	January Projected Outturn 2023-24	Actual Outturn 2023-24
	£m	£m	£m	£m
Gross Expenditure	453.7	459.5	451.3	449.7
Income	(164.6)	(163.8)	(166.5)	(166.5)
Contribution to / (from) Reserves	(1.5)	(1.5)	5.8	5.8
Net Expenditure	287.6	294.2	290.6	289.0
Affordable Housing / Enhancing Pembrokeshire / Homes into Use Expenditure and Contribution to Reserves	0.0	0.0	0.0	1.6
General Fund use of Council Tax Premium	0.0	0.0	0.0	3.6
Deficit Appropriation from Initiative Fund Reserve	0.0	0.0	0.0	(0.3)
Total Net Expenditure	287.6	294.2	290.6	293.9

During 2023-24, 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	2022-23	Net Expenditure 2023-24			Variance
	Actual	Q3	Q3	Actual	Actual to Q3
	Outturn	Rolling	Projected	Outturn	Rolling
	£'000	£'000	£'000	£'000	£'000
Education - Individual School Budgets	83,521	89,516	90,790	90,596	1,080
Education - Other	21,717	23,696	26,744	26,859	3,163
Social Care - Children	17,049	19,924	23,853	24,162	4,238
Social Care - Adults	65,902	72,374	76,452	76,910	4,536
Housing Services	1,391	2,284	3,358	2,948	664
Housing Revenue Account	-	-	-	-	-
Highways & Transportation Services	10,096	12,056	11,647	10,907	(1,149)
Culture & Related Services	6,206	7,952	7,786	7,074	(878)
Planning & Development Services	2,270	3,388	3,224	2,443	(945)
Environmental Services	16,504	17,532	16,993	16,976	(556)
Central, Corporate & Democratic Services**	14,009	9,296	8,830	7,722	(1,574)
Council Tax Reduction Scheme	9,482	9,939	9,969	9,850	(89)
Court Services	334	332	351	352	20
Second Home Council Tax Premium	-	(3,765)	(3,765)	(3,598)	167
Vacancy Management****	-	(995)	-	-	995
Contingency (Teachers Pay Award)	-	940	116	-	(940)
Homes into Use Scheme*	376	428	428	402	(26)
Affordable Housing Scheme*	3,272	941	941	900	(41)
Enhancing Pembrokeshire Scheme*	1,091	314	314	299	(15)
General Fund Use of Council Tax Premium*	-	3,765	3,765	3,598	(167)
Net Cost of Services	253,220	269,917	281,796	278,400	8,483
Levies	8,527	9,833	9,753	9,752	(81)
Net Investment Income	(1,786)	(900)	(2,525)	(2,502)	(1,602)
Capital Financing Costs	10,771	14,196	10,607	9,909	(4,287)
MRP Adjustment	-	-	-	(1,634)	(1,634)
Total Net Expenditure	270,732	293,046	299,631	293,925	879
Financed By:	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant and Special Grant	(150,387)	(171,737)	(171,737)	(171,737)	-
NNDR	(45,870)	(40,938)	(40,938)	(40,938)	-
Council Tax	(69,736)	(74,923)	(74,923)	(76,051)	(1,128)
Second Homes & Long Term Empty Premium Council Tax*	(4,739)	(5,448)	(5,448)	(5,199)	249
Total Net Expenditure	(270,732)	(293,046)	(293,046)	(293,925)	(879)
Net (Surplus) / Deficit ***	-	-	6,585	-	-

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

**Corporate & Democratic Services includes £0.253m deficit contribution from the Initiative Fund reserve.

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

****Vacancy management is shown within the service budget lines

All service specific issues and commentary are shown in the County Council Budget Outturn Monitoring Report 2023-24 approved by Cabinet on 11 July 2024.

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 5,800 (5,717) dwellings and 1,075 (1,075) shops and garages at 31 March 2024 (31 March 2023).
- The average opening un-rebated weekly rent collectable for 2023-24 was £98.77 (2022-23 £94.54).
- Income including rent and charges for services in 2023-24 totalled £28.47m (2022-23 £27.568m).
- Revenue expenditure in 2023-24 included £16.83m. (2022-23 £14.450m) on repairs and maintenance, £0.607m (2022-23 £0.479m) on Rent, Service Charges and the provision for bad and doubtful debts, £3.952m (2022-23 £4.090m) on Capital financing adjustments and £6.969m (2022-23 £8.400m) appropriation to reserves for Capital improvements and maintenance catch up programme.
- Rent arrears for current tenants at the end of 2023-24 was £2.523m, a further increase of £0.299m on the 2022-23 year end position. The rent arrears as a percentage of total rent due had increased by 0.08% on the 2022-23 year end position.

1.3.4 CAPITAL EXPENDITURE 2023-24

A key Council aim is to deliver an affordable and sustainable capital programme which underpins the Council's Well Being objectives. Capital expenditure for 2023-24 was £96.6m against a projected outturn of £117.2m and was financed from a number of sources, as shown in the table below.

CAPITAL EXPENDITURE AND FUNDING

	2023-24 Projected Outturn (Period 9) £m	2023-24 Actuals £m
Education	15.3	17.5
Social Care	0.4	0.4
Highways & Transportation	7.0	5.6
Housing Council Fund	2.4	0.7
Culture & Related Services	4.9	4.0
Planning & Development	9.7	4.5
Environmental	25.4	24.3
Corporate	12.5	7.2
Sustainable Communities for Learning		
Band A	0.1	0.1
Band B	3.0	2.2
City Deal	8.2	7.1
HRA	28.3	23.0
TOTAL	117.2	96.6
<i>Of Which Above includes:</i>		
Non Treasury	0.0	0.0
Financed by:		
Loan Financing		
General - Supported	5.0	3.6
21st Century - Supported	0.0	0.0
General - Unsupported	28.1	25.5
21st Century - Unsupported	0.0	0.1
City Deal - Unsupported	5.9	0.0
HRA (Borrowing Cap)	0.0	0.0
WG Loan - Salix	0.3	0.2
	39.3	29.4
Grants/Contributions		
General Capital Grants & Others	34.7	31.5
21st Century	0.3	0.4
City Deal	2.4	5.2
HRA (including Major Repairs Allowance)	11.5	10.8
	48.9	47.9
Capital Resources		
General	3.6	1.0
HRA	16.8	12.2
	20.4	13.2
Earmarked Reserves		
General	8.6	6.1
TOTAL	117.2	96.6



The Capital Strategy for 2023-24 to 2026-27 and the indicative Capital Programme for 2023-24 to 2026-27 was approved by Council on 2 March 2023. Additional capital projects are included in the programme once approved, as per the governance framework within the approved Capital Strategy. Option appraisals and due diligence are essential for any new schemes however there is currently a focus of delivery of approved schemes with the existing capital programme.

Capital projects can be complex, spanning a number of financial years and influenced by a number of external factors. Inflationary pressures have been widely reported with increased tender prices as a direct result of labour shortages and material cost increases. This continues to represent a risk in terms of delivery and affordability. The Bank of England’s Monetary Policy Committee (MPC) left the Bank Rate at 5.25% for the fifth consecutive meeting (up to 31 March 2024) with the Bank’s communications suggesting the MPC is gaining confidence that inflation will fall sustainably back to the 2.0% target. It must be noted that subsequently in 2024-25 the MPC left the Bank Rate at 5.25% until 1 August 2024 when Bank Rate was reduced to 5.00%. Figures published in June 2024 showed that inflation had fallen back to 2%, the Bank’s target, for the first time in nearly three years.

The projected outturn for 2023-24 (at Period 9) was £117.243m. This was a challenge to deliver with projects consistency being reviewed and reprofiled until the end of the financial year. Despite the impact of adverse weather and market capacity issues, 85% was spent, with the actual outturn at £96.635m against a reprofiled projected outturn of £112.568m.

On going schemes will continue to be monitored and every effort will be made to remain within budget, with limited change to scope of work. For those schemes that have not commenced, potential delay on site is still being actively considered/re-prioritised. In addition, for those schemes which have received new tender prices, project viability will be re-assessed and challenged to ensure intended outcomes continue to be met. Approval of slippage and associated revisions to budgets will be sought as part of the reprofiling exercise that will be undertaken for the Quarter 1 2024-25 monitoring report.

1.3.5 TREASURY MANAGEMENT

The Council’s Treasury Management Strategy and Investment Strategy for 2023-24 were approved by Council on [2 March 2023](#).

The Treasury Management Annual Report was reported to Cabinet on [11 July 2024](#) as part of the Outturn Monitoring Report.

1.3.6 REVENUE COLLECTIONS

1.3.6.1 COUNCIL TAX

Cash collected to 31 March 2024 was £90.029m against a collectable debit of £93.247m. This represents an in year collection rate of 96.59% which was lower than the 2022-23 collection rate of 97.10%.

The table below shows the Council Tax arrears figures as at 31 March 2024 by age of debt.

Council Tax Prior Year Arrears	31 Mar 23 £m	31 Mar 24 £m
Age of debt <1 year	2.702	3.218
Age of debt - 1 to 2 years	2.739	2.738
Age of debt - 3 to 4 years	1.412	1.888
Age of debt - > 5 years	0.322	0.540
TOTAL PRIOR YEAR ARREARS	7.175	8.384



Improved collection of debt greater than 1 year old has offset the reduction in collection rate for 2023-24, resulting in a £1.1m net surplus Council Tax Collection position for the year.

1.3.6.2 2ND HOMES PREMIUM AND LONG TERM EMPTY PROPERTY PREMIUM

The Second Homes Council Tax Premium debit raised for 2022-23 was £5.8m of which £5.5m was collected. The Second Home Premium debit raised for 2023-24 was £6.4m; this figure has reduced to £6.1m at year end of which £5.7m has been collected. The movement of properties from Business Rates to Council Tax has had a direct impact on the amount of premium raised and collected in-year due to the adjustments being made in February 2024. (Note figures include Police and Town & Community Council Precepts)

The Long Term Empty Property Premium raised for 2022-23 was £0.485m with cash collected being £0.465m. The debit raised for 2023-24 was £0.583m, this figure has reduced to £0.520 at year end.

1.3.6.3 BUSINESS RATES

Cash collected to 31 March 2024 was £47.520m against a collectable debit of £48.406m. This represents an in year collection rate of 98.17% which was lower than the 2022-23 collection rate of 99.05%.

Tables detailing all revenue collections are held within the County Council Budget Outturn Monitoring Report 2023-24 approved by Cabinet on 11 July 2024.

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 2023-24:

	£'000
Retail Leisure & Hospitality Rate Relief Scheme	4,925
UK Shared Prosperity Fund	1,235
Ukrainian Accommodation Sponsor	301
Winter Fuel Payments	229
Energy Bill Support Scheme	161
Alternative Fuel Grant	126
Sustainable Food Partnership	63
Direct Food Support Grant	33
Total	7,073

1.4 FINANCIAL POSITION 2023-24

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

2022-23		2023-24	
Net Assets	Reserves	Net Assets	Reserves
Long Term Assets £1,081m	Usable Earmarked Reserves and Capital Receipts £104m	Long Term Assets £1,207m	Usable Earmarked Reserves and Capital Receipts £94m
Current Assets less Current Liabilities £50m	Usable General Balance £9m	Current Assets less Current Liabilities £2m	Usable General Balance £10m
Long Term Liabilities (£193m)	Unusable Reserves £825m	Long Term Liabilities (£178m)	Unusable Reserves £927m
TOTAL NET ASSETS £938m	TOTAL RESERVES £938m	TOTAL NET ASSETS £1,031m	TOTAL RESERVES £1,031m

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 £17.9m (£17.7m for 2022-23).
- The Council's future surplus in respect of pension benefits payable, compared to assets held, is £112m at 31 March 2024, based on the latest actuarial assumptions. This has increased by £61m from 2022-23.
- The fund is revalued every three years, with the fund's assets at 31 March 2022 reflected in the 2023-24 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

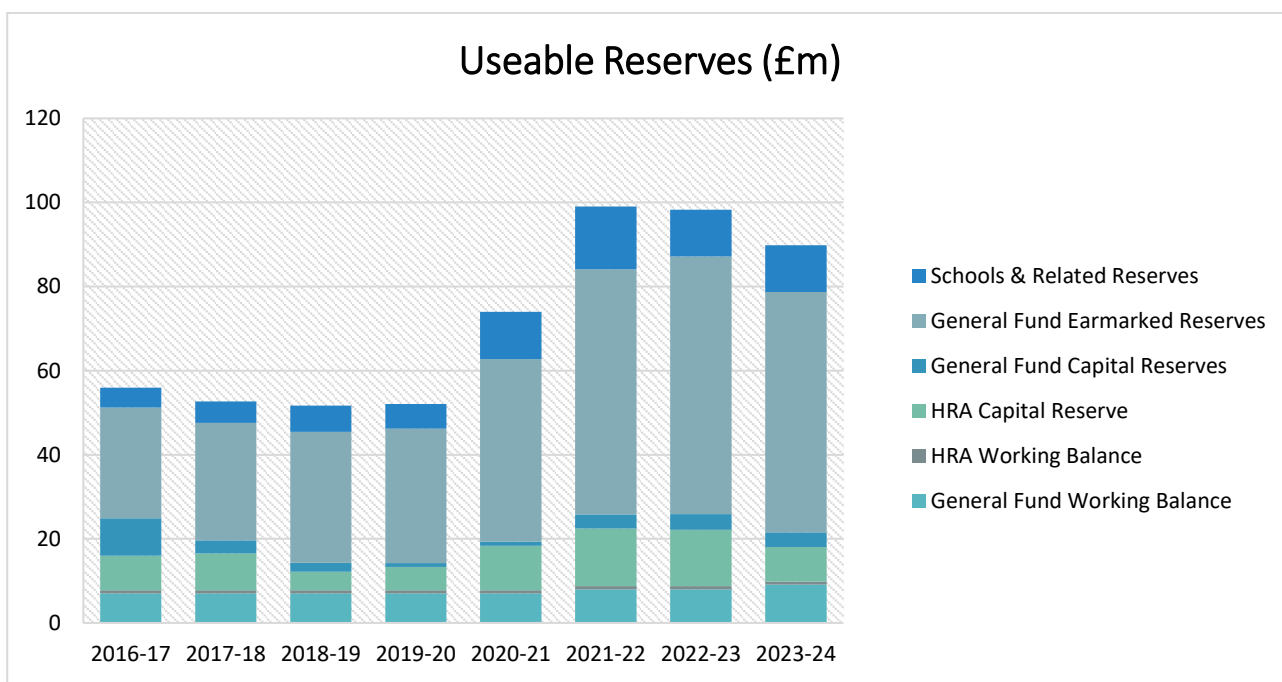
Useable Reserves are set aside for specific purposes or for general contingencies and cash flow management. The Strategy for Holding and Utilising Reserves was updated and approved by Council as part of the Budget Report on 2 March 2023.

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 12.10. The chart below shows the movement in useable reserve balances from 2016-17 to 2023-24.

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

Following a year of unprecedented inflation in 2022-23, with CPI reaching 11.1% in November 2022, inflation rates have fallen steadily during 2023-24 reducing to 3.2% in March 2024. This is still around 1.9% higher than the Office for Budget Responsibility (OBR) projections used in our 2023-24 budget assumptions. OBR and Bank of England forecasts differ on how far inflation will fall in 2024 with the Bank of England expecting a fall in Quarter 2 2024 to slightly below the 2.0% target before rising again to 2.8% in Quarter 1 2025; and the OBR forecasting inflation will decline to 2.0% in Quarter 2 2024 and then remain below 2.0% until Quarter 3 2027. This continued uncertainty could have material implications for Pembrokeshire County Council for the foreseeable future.

No indicative Wales-level core revenue funding allocations have been 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) was revised down at Quarter 2 2023-24 to assume a most likely scenario of 0.0% increase for 2025-26 to 2027-28. The first Comprehensive Spending Review by the new UK Labour Government is likely to take place in Autumn 2024, but is expected to be only a one year spending review with no indicative figures for future years provided.

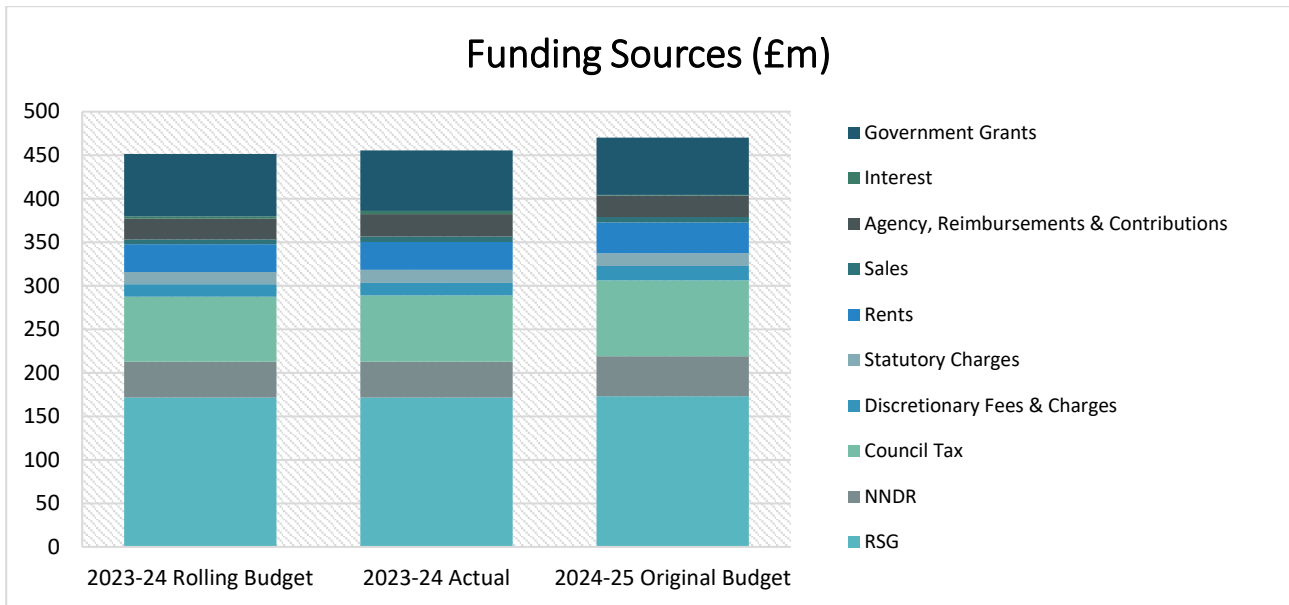
In the absence of indicative 2024-25 pay awards, planning includes higher assumptions than previously estimated due to the continuation of higher than predicted CPI inflation levels, with 2025-26 to 2026-27 including lower assumptions linked to forecasts of falling inflation and flat lined AEF settlement. The current 2024-25 non-teaching pay offer is slightly higher than our budgeted assumptions, which, if accepted, will add an estimated £1.0m pressure to the 2024-25 budget and further £1.0m to the 2025-26 funding gap. 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 exceptional levels of cost experienced in Children's Services during 2023-24 continues 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.

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 main components of the Capital Financing budget are interest costs and prudent provision for the repayment of borrowing. Following 14 consecutive increases from 0.1% in December 2021 to 5.25% in August 2023, the Bank of England has maintained the interest rate at 5.25% to June 2024. While slippage in delivery of the current Capital Programme has resulted in a 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. A paper on the affordability of the Capital Programme was presented to Cabinet on 6 November 2023, with Council on 14 December 2023 approving a capital financing costs capping level of 5.30% (Capital Financing Costs as a proportion of Net Revenue Budget) for the General Fund.

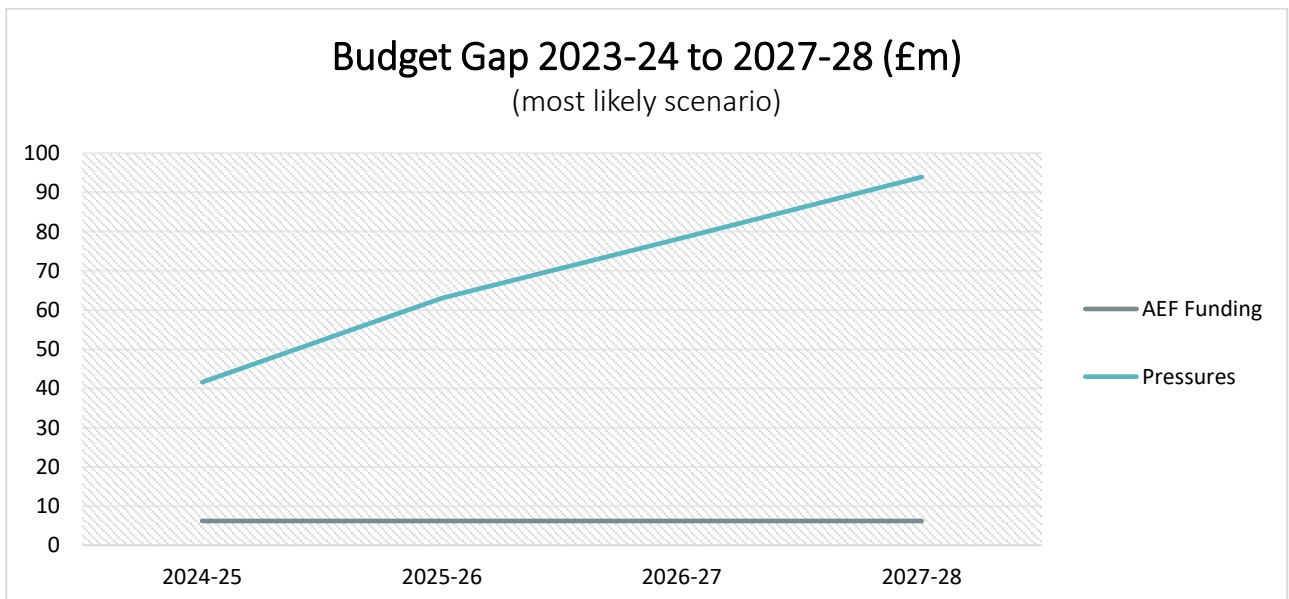
The Council receives its funding from two main sources – Aggregate External Finance (AEF) and Council Tax. The AEF, comprising of Revenue Support Grant (RSG) and redistributed National Non-Domestic rates is awarded by Welsh Government. Other sources of funding include specific Government grants and income from fees and charges. The graph below shows the budgeted funding for 2024-25 versus actual and budgeted funding received during 2023-24.



The 2024-25 Budget Report and MTFP 2024-25 to 2027-28 was approved by Council on 7 March 2024. The MTFP has been updated to reflect the late amendments to the budget, identifying a 'most likely' projected funding gap of £84.6m over the period 2024-25 to 2027-28; with £32.3m in respect of 2024-25 (after accounting for CTRS increase).

The £32.3m funding gap for 2024-25 was bridged by a combination of a £9.4m (12.5%) increase in Council Tax, £5.6m (85%) utilisation of the second homes Council Tax premium, £1.7m (100%) utilisation of the long term empty properties Council Tax premium, £2.1m utilisation of reserves and £13.5m budget savings. Work is underway to identify how to bridge the funding gap for 2025-26 and the MTFP 2025-26 to 2028-29.

The graph below shows the projected most likely funding gap over the life of the MTFP 2024-25 to 2027-28 and includes the significant inflationary and demand pressures outlined above.

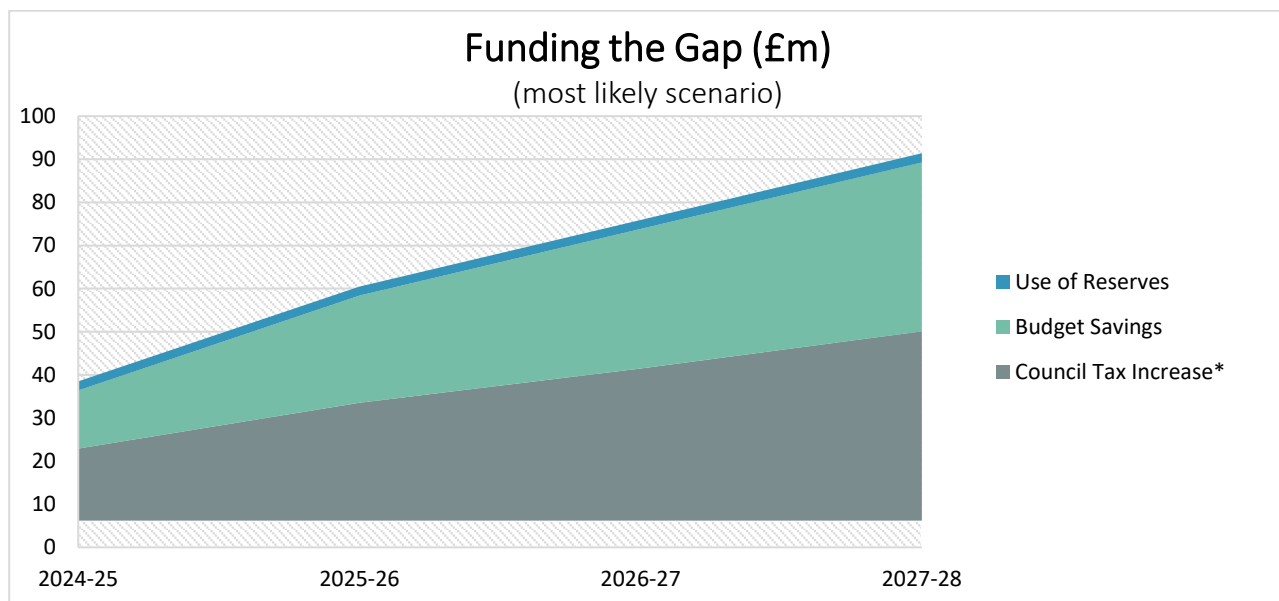


The Council continued to have the lowest Council Tax (Band D) in Wales for 2023-24, despite a Council Tax increase of 7.5%, moving to the 4th lowest following the 12.5% Council Tax increase for 2024-25. For 2024-25, Council approved the use of 85% of the second homes Council Tax premium and 100% of the long term empty properties 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 2024-25 to 2027-28 assumes a Council Tax increase of 11.14% in 2025-26 and 7.5% in 2026-27 and 2027-28, 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 2024-25 to 2027-28).



* Council Tax increase assumes no change in Council Tax Base 2025-26 to 2027-28, and includes the increase relating to 85% utilisation of the Second Home Premium and 100% utilisation of the Long Term Empty Property Premium.

The use of earmarked reserves is governed by the Strategy for Holding and Utilising Reserves, approved by Council on 2 March 2023. For 2024-25 a contribution of £2.1m from earmarked reserves will be utilised, £0.6m to fund the lead in time for delivery of 2024-25 budget savings and £1.5m one off contribution to support the revenue budget. 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 remains challenging for 2025-26 and the MTFP so this approach may have to be reconsidered.

1.5.1 KEY FINANCIAL RISKS IDENTIFIED IN THE COUNTY COUNCIL BUDGET 2024-25 REPORT

- Cabinet priorities specified in the 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 may be above that budgeted for 2024-25 and the MTFP. If the pay award exceeds the budgeted levels, services and schools will be required to fund the excess.
- Final confirmation is yet to be received from Welsh Government that additional funding will be provided to cover the increase in cost of the Teachers’ Pension employer contributions for 2024-25. If this increase is not fully funded by Welsh Government, this will be funded from reserve in 2024-25 and be added to the funding gap for 2025-26.

- 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 during 2024-25 and into 2025-26.
- 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, Gaza and Yemen and the current cost of living crisis are unknown so there is a significant risk of in year pressures developing during 2024-25 and continuing into 2025-26.
- No 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 collection rates may be lower than budgeted resulting in a shortfall of funding. It is anticipated that any shortfall in the budget would be funded by the collection of Council Tax arrears from previous years, during the year.
- The introduction of enhanced Council Tax premiums may result in a decrease in the number of Second Homes and Long Term Empty Properties with homes being brought back into use as a primary residence, resulting in a shortfall of Council Tax premium funding for 2024-25.
- Conversely, changes in Welsh Government legislation in respect of letting requirements may result in some properties currently in the NDR regime reverting to the Council Tax second homes regime. The Council would then benefit from the Second Homes Council Tax premium for these properties.
- Any adverse change in policy at a local or national level regarding use of the Council Tax premiums to fund elements of the Councils budget would lead to a significant funding gap that would have to be bridged in future financial years.
- The level and age of unpaid debt and Rent arrears may continue to increase.
- Council Tax Reduction Scheme (CTRS) costs may increase.
- Grant Funding may reduce, not increase to match costs or 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 5.3% of budgeted Net Expenditure from 2024-25 being approved by Council on 15 December 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.
- The Local Government AEF Settlement did not include any indicative figures for 2025-26 or the MTFP, the risk remains that AEF could reduce to a negative position as experienced at the beginning of austerity in 2015-16 and 2016-17.
- Use of reserves to reduce the level of Band D Council Tax increase in 2024-25 will create a further increase in unfunded pressure over the MTFP.
- Where reserves are used to fund recurrent expenditure with no planned replenishment there is a risk that balances will be depleted below acceptable levels, leaving no balances available to cushion the impact of emergencies or as a general contingency.
- Should the number and value of schools in deficit continue to increase the net school balances will fall into deficit which would have to be funded from Council corporate reserves, again there



is a risk that balances will be depleted below acceptable levels, leaving no balances available to cushion the impact of emergencies or as a general contingency.

- Costs associated to deliver the Council's commitment to a net zero carbon by 2030.

1.6 EVENTS AFTER THE REPORTING PERIOD

None

1.7 CONCLUSION

The continual increase in the level of demand, complexity and cost of packages within Schools ALN provision, Children's Services, Adult Services and Homelessness have been offset in part by underspends in all other service areas and the slippage in the Capital Programme resulting in an Outturn position of a £3.0m overspend, reducing to £1.4m after accounting for an MRP adjustment of £1.6m.

The reduction from the projected overspend of £6.6m at Quarter 3 2023-24 to actual overspend of £3.0m is primarily attributable to the continued high level of vacancies offsetting additional demand and price inflation costs, and the slippage in the Capital Programme resulting in delayed borrowing costs and improved investment income. The £1.4m overspend will be funded from an additional £1.1m Council Tax collection surplus, with the remaining £0.3m appropriated from the Initiative Fund reserve.

The financial challenge for 2024-25 and throughout the MTFP will be the greatest challenge ever faced by the Council. The funding gap in the Medium Term Financial Plan 2024-25 to 2027-28 is likely to increase due to an increase in pay awards, the uncertainty around funding of the teachers' pension employers contribution increase and the 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. There are going to be some extremely difficult decisions to be made and it is virtually inevitable that in order to balance the budget and ensure financial sustainability for 2025-26 and beyond, the Council will have to make significant budget savings across virtually all Council services, continue to utilise a significant element of the Council Tax premiums to fund elements of the budget relating to affordable housing and enhancing the sustainability of local communities, and move its Band D Council Tax level to at least the average level in Wales.

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**

Hyperlinked Documents

It should be noted that the hyperlinked documents within the narrative report do not fall within the scope of the Audit of the Financial Statements.





2.0 AUDITOR'S REPORT

Pembrokeshire County Council - Statement of Accounts 2023-24



Opinion on financial statements

I have audited the financial statements of Pembrokeshire County Council for the year ended 31 March 2024 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 2023-24.

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 2024 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 2023-24.

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 2023-24;
- 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
August 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 2024 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 2024 and its income and expenditure for the year ended 31 March 2024 and append my signature to the Statement in accordance with Regulation 10(1).

J HASWELL FCCA
Director of Resources
Date: 16 August 2024

REPORTING AND APPROVAL

These accounts, initially published on 16 August 2024, will be reported to Full Council for approval before the statutory deadline of 30 November 2024, following the conclusion of the Annual Audit. The audit certificate is shown in section 2.0.

Cllr Simon Hancock MBE
Presiding Member
Date: TBC



A black and white photograph of a narrow sea cave. The cave walls are made of dark, textured rock. The water is calm and reflects the light from the opening of the cave. In the foreground, the front of a kayak is visible, pointing towards the cave's exit. The sky is bright and overcast.

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 2023-24, 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

International Financial Reporting Standard 16 (IFRS 16) – Leases was adopted in the 2022-23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed back to the financial year beginning 1 April 2024 or earlier if deemed possible. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Whilst this is expected to have no impact on the Council Tax or Rent payer, work has continued during 2023-24 to ensure significant lease type arrangements in respect of property and vehicles are identified and recorded. This includes a review of existing and creation of new processes for managing and recording lease arrangements.

IAS 12 1 January 2023 Amendments in relation to International Tax Reform: Pillar Two Model Rules issued in May 2023 IAS 7 and IFRS 7 1 January 2024 Amendments in relation to Supplier Finance Arrangements Issued in May 2023.

Infrastructure Assets 1 January 2023 CIFPA issued a temporary relief with an update to the Code on infrastructure assets. These are shown separately to other non-current assets to exclude gross cost and accumulated depreciation.

IAS 1 1 January 2024 Amendments in relation to Classification of Liabilities as Current or Non-Current Issued in January 2020.





5.0 ACCOUNTING CONCEPTS

Pembrokeshire County Council – Statement of Accounts 2023-24



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 2023-24



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 2023-24.

- 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 Councils’ previous decision to use the Mutual Investment Model (MIM) was brought sharply into focus following a review by Welsh Government earlier in 2023-24 and a subsequent review by officers. Council on 14 December 2023 resolved that the Milford Haven school projects were to progress via the Capital grant funding route and that MIM was no longer pursued for consideration. A total provision of £106.400m for the capital element of the Sustainable Communities for Learning Band B programme still remains in the capital programme.
- 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.

- At the Annual Council Meeting on 10 May 2024 a new Leader was appointed forming a new Cabinet. The current Programme for the Administration was approved in January 2023 and the 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.

- Partneriaeth, an alliance of three local authorities - Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council commenced on 1 April 2022 under a new legal agreement. 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	Reduction in service provision
Governance	Decisions not made or not made in timely manner	Budget over / under spends & loss of grant funding
Contractual Arrangements	Large private sector organisation going into Administration	Delays to service provision and increased cost
Transformation / Alternative Service Delivery	Changed ways of working do not deliver assumed financial savings	Budget over / under spend Separate accounting arrangements
Valuation Uncertainty	Assumptions incorrect Human Error during input	Incorrect valuations in the balance sheet – over/under

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 Loss of Partneriaeth SLA income	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. Incorrect funding assumptions including inflation and construction costs. Changes to WG funding mechanism or % contribution	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
Contractual Arrangements	Private sector and / or third sector organisation going into Administration.	Delays to service provision and increased cost.
Grant Funding	Loss of grant from Welsh Government, UK Government & Europe.	Reduction in service provision. Increased costs to service
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 / Yemen	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 and rent collection

Issues potentially impacting the accounts in the future:		
Item	Risk	Potential Affect
Government Policy / General Election	Economic instability and uncertainty. Council Tax reform	Increased costs of service provision and loss of income generation not met by increase in financial settlement.
Continuation of Increased Demand upon Services	Further increases in Social Care and Housing	Increased costs of service provision, 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
Political Balance	Inability to approve the annual budget and council tax resolutions	Will require budget savings or use of reserves in order to balance the budget





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).

2022-23				2023-24		
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
105,238	25,493	130,731	Education Services	117,455	15,728	133,183
17,049	4,950	21,999	Childrens Services	24,162	297	24,459
65,902	4,752	70,654	Adult Services	76,910	1,496	78,406
1,391	894	2,285	Housing Services	2,948	(423)	2,525
-	4,371	4,371	Council Housing	-	10,541	10,541
10,096	6,214	16,310	Highways & Transport Services	10,907	3,902	14,809
6,206	6,841	13,047	Culture & Related Services	7,074	7,986	15,060
2,270	7,134	9,404	Planning Services	2,443	3,877	6,320
16,504	3,426	19,930	Environmental Services	16,976	976	17,952
14,009	554	14,563	Other Central, Corporate & Democratic Services	7,722	5,931	13,653
9,482	-	9,482	Council Tax Reduction Scheme	9,850	-	9,850
334	64	398	Court Services	352	7	359
-	-	-	Second Homes Reserve	(3,598)	3,598	-
376	(376)	-	Long Term Empty Properties*	402	(402)	-
3,272	(3,141)	131	Affordable Housing Scheme*	900	(766)	134
1,091	(186)	905	Contributions to Community*	299	503	802
-	-	-	General Fund Use of Council Tax Premium	3,598	(3,598)	-
253,220	60,990	314,210	Net Cost of Services (inc HRA) / Deficit on Continuing Operations	278,400	49,653	328,053
8,527	19,685	28,212	Other Operating Expenditure	9,752	21,020	30,772
8,985	4,558	13,543	Financing & Investment Income & expenditure	5,773	(2,966)	2,807
(270,732)	(50,735)	(321,467)	Taxation and non-specific grant income*	(293,925)	(59,698)	(353,623)
-	34,498	34,498	(Surplus) or Deficit	-	8,009	8,009

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

	2022-23 Fund Balance £000	2023-24 Fund Balance £000
Opening General Fund and HRA Balance	(8,752)	(8,752)
less / add Surplus or (Deficit) on General Fund and HRA Balance in Year	-	(1,100)
Closing General Fund and HRA Balance at 31 March**	(8,752)	(9,852)

** 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 £33k 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 £91k 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	2022-23			2023-24		
		Gross Total Cost	Income	Net Total Cost/ Expend	Gross Total Cost	Income	Net Total Cost/ Expend
		£000	£000	£000	£000	£000	£000
Education Services		163,070	(32,339)	130,731	165,915	(32,732)	133,183
Social Care - Childrens Services		29,079	(7,080)	21,999	32,656	(8,197)	24,459
Social Care - Adult Services		102,968	(32,314)	70,654	112,035	(33,629)	78,406
Housing Services		31,009	(28,724)	2,285	31,777	(29,252)	2,525
Council Housing		31,939	(27,568)	4,371	39,116	(28,575)	10,541
Highways & Transport Services		28,833	(12,523)	16,310	29,085	(14,276)	14,809
Cultural & Related Services		19,062	(6,015)	13,047	21,585	(6,525)	15,060
Planning Services		27,007	(17,603)	9,404	19,623	(13,303)	6,320
Environmental Services		27,018	(7,088)	19,930	25,034	(7,082)	17,952
Other Central, Corporate & Democratic Services		21,026	(6,463)	14,563	15,531	(1,878)	13,653
Council Tax Reduction Scheme		9,482	-	9,482	9,850	-	9,850
Court Services		528	(130)	398	501	(142)	359
Second Home Council Tax		1,036	-	1,036	936	-	936
(Surplus)/Deficit on Continuing Operations		492,057	(177,847)	314,210	503,644	(175,591)	328,053
Other Operating Expenditure							
Precepts & Levies	10.2			28,375			30,892
Gains & Losses on Disposal of Non-Current Assets				(163)			(120)
Financing & Investment Income and Expenditure							
Interest Payable				9,353			9,174
Interest & Investment Income				(1,906)			(3,487)
Net Pensions Interest	10.4.1			6,096			(2,880)
Taxation & Non-Specific Grant Income							
Revenue Support Grant (inc Special Grant)	10.1.1			(150,387)			(171,737)
NNDR Pool Share				(45,870)			(40,938)
Local Taxpayers	10.1.3			(88,331)			(95,815)
Second Home Premium	10.1.3			(5,516)			(6,066)
Long Term Empty Properties				(476)			(509)
General Capital Grants & Contributions	10.1.5			(30,887)			(38,558)
(Surplus) or Deficit on Provision of Services				34,498			8,009
Other Comprehensive Income & Expenditure							
(Surplus)/Deficit on revaluation of non-current assets	12.10.2			(36,354)			(40,296)
Remeasurements of Pensions Liabilities & Assets	12.10.5			(315,655)			(60,914)
Write Down of Deferred Liabilities				-			
Total Other Comprehensive Income & Expenditure				(352,009)			(101,210)
Total Comprehensive Income & Expenditure				(317,511)			(93,201)

7.2.5 EXCEPTIONAL ITEMS

There were no exceptional items of income or expenditure in 2023-24.

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 2023-24	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 2023	(8,000)	(76,116)	(752)	(13,383)	(14,256)	(112,507)	(825,631)	(938,138)
(Surplus) / Deficit On Provision of Services	5,773	-	2,236	-	-	8,009	-	8,009
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(101,210)	(101,210)
Total Comprehensive Income & Expenditure (see 7.2.4)	5,773	-	2,236	-	-	8,009	(101,210)	(93,201)
Adjustments Between Accounting Basis and Funding Basis Under Regulation (see 11.1)	(2,165)	-	2,516	-	292	643	(643)	-
Net (Increase) & Decrease Before Transfers (To) / From Reserves	3,608	-	4,752	-	292	8,652	(101,853)	(93,201)
Transfers (To)/ From Reserves	(4,708)	4,271	(4,752)	5,189	-	-	-	-
(Increase) / Decrease In Year	(1,100)	4,271	-	5,189	292	8,652	(101,853)	(93,201)
Balance 31 March 2024 (see 11.2.1 & 11.2.2)	(9,100)	(71,845)	(752)	(8,194)	(13,964)	(103,855)	(927,484)	(1,031,339)



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	(409)	-	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)



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	2022-23		2023-24	
		£000	£000	£000	£000
Non-Current Assets:					
Property, Plant & Equipment	12.1				
Council Housing Property	12.1.1.3	298,989		300,141	
Other Land & Buildings	12.1.1.3	511,185		571,966	
Infrastructure	12.1.1.3	136,144		139,663	
Vehicles/Plant/Equipment	12.1.1.3	16,513		16,891	
Heritage Assets	12.1.1.5	1,118		539	
Community Assets	12.1.1.3	557		581	
Assets Under Construction	12.1.1.3	58,762		58,059	
Surplus Assets	12.1.1.3	2,134		1,889	
Fixed Assets			1,025,402		1,089,729
Intangible Assets	12.1.2		105		72
Long Term Debtors	12.4.1		5,110		5,223
Pension Fund Asset			51,040		111,900
Total Long Term Assets			1,081,657		1,206,924
Current Assets:					
Short Term Investments	12.3	25,201		5,399	
Inventories & Works in Progress		1,520		1,621	
Short-term Debtors and Prepayments	12.4.1	89,418		80,419	
Cash & Cash Equivalents	12.5	36,249		17,418	
Assets Held For Sale	12.6	-		-	
Total Current Assets			152,388		104,857
Total Assets			1,234,045		1,311,781
Current Liabilities:					
Other Short-term Borrowing	12.4.2	(13,210)		(3,758)	
Short-term Creditors	12.4.2	(58,402)		(55,219)	
Revenue Grants Receipts in Advance	12.4.3	(1,855)		(11,584)	
Capital Grants Receipts in Advance	12.4.3	(26,380)		(29,772)	
Provisions	12.7.1	(2,667)		(2,225)	
Total Current Liabilities			(102,514)		(102,558)
Total Assets Less Current Liabilities			1,131,531		1,209,223
Long Term Borrowing	12.8.1	(191,470)		(175,042)	
Deferred Liabilities		(1,923)		(2,842)	
Net Pension Fund Liability	12.10.5	-		-	
Total Long Term Liabilities			(193,393)		(177,884)
Net Assets			938,138		1,031,339
Usable Reserves					
- General Fund Working Balance	11.2.1		8,000		9,100
- HRA Working balance	11.2.1		752		752
- Earmarked Reserves and Capital Receipts	11.2.1 & 11.2.2		103,755		94,003
Unusable Reserves	12.9		825,631		927,484
Total Reserves			938,138		1,031,339

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
	2023 £000	2024 £000	
Cash Equivalent	36,694	16,677	(20,017)
Cash At Bank / In Hand	(578)	741	1,319
	36,116	17,418	(18,698)

The cash flows for operating activities include the following items:	2022-23 £000	2023-24 £000
Interest Paid	9,434	9,027
Interest Received	(1,484)	(3,292)



Cash Flow Statement	2022-23		2023-24	
	£000	£000	£000	£000
Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow				
Net (Surplus)/Deficit on the provision of services		34,498		8,009
Adjustments to net surplus or deficit on the provision of services for non-cash movements				
Depreciation	(31,193)		(34,893)	
Impairment & revaluations	(14,366)		(23,845)	
Pension fund adjustments	(30,060)		(54)	
Other non cash financial instrument adjustments	44		(291)	
Contributions to provisions	(249)		442	
Carrying amount of non-current assets sold	(693)		(382)	
Movements in revenue debtors, creditors, stocks etc.	2,818		(12,150)	
		(73,699)		(71,173)
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	906		514	
Capital Grants	30,887		38,558	
		31,793		39,072
Net Cash Flow from Operating Activities		(7,408)		(24,092)
Investing Activities				
Purchase of property, plant & equipment, investment property & intangible assets	61,120		79,611	
Purchase of short term & long term investments	-			
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	(906)		(514)	
Proceeds from short term & long term investments	-		(20,000)	
Capital grants received	(40,197)		(43,461)	
Net Cash Flow From Investing Activities		20,017		15,636
Financing Activities				
Cash receipts of short-term & long-term borrowing	(412)		(60)	
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	32		18	
Repayments of short-term & long-term borrowing	1,194		27,196	
Net cash flow from financing activities		814		27,154
Net (Increase)/Decrease In Cash & Cash Equivalents		13,423		18,698
Cash & cash equivalents at the beginning of reporting period	(49,539)		(36,116)	
Cash & cash equivalents at the end of reporting period	36,116		17,418	
Increase/(Decrease) In Cash & Cash Equivalents		(13,423)		(18,698)



8.0 ACCOUNTING POLICIES

Pembrokeshire County Council – Statement of Accounts 2023-24



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 2023-24 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	Use of Voluntary MRP* £'000	Cumulative Additional Voluntary MRP £'000
2023-24	1,634	-

* rounding adjustment

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.
- 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



9.0

NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

9.1

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Actual Expenditure 2023-24	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Statutory Adjustments £'000	Other Non-Statutory Adjustments £'000	Total Adjustments £'000
Education Services	17,092	727	(1,555)	16,264	(536)	15,728
Social Care - Children's Services	26	253	-	279	18	297
Social Care - Adult Services	582	412	-	994	502	1,496
Housing Services	(435)	38	-	(397)	(26)	(423)
Council Housing	22,463	108	(4,624)	17,947	(7,406)	10,541
Highways & Transport Services	6,070	155	-	6,225	(2,323)	3,902
7,986 Cultural & Related Services	7,984	179	(14)	8,149	(163)	7,986
Planning Services	3,773	132	-	3,905	(28)	3,877
Environmental Services	2,045	266	-	2,311	(1,335)	976
Other Central, Corporate & Democratic Services	2,068	657	647	3,372	2,559	5,931
Court Services	-	7	-	7	-	7
Long Term Empty Properties*	-	-	-	-	(402)	(402)
Affordable Housing Scheme*	-	-	-	-	(766)	(766)
Contributions to Community*	-	-	-	-	503	503
Net Cost of Services (inc HRA) / Deficit on Continuing Operations	61,668	2,934	(5,546)	59,056	(9,403)	49,653
Other Operating Expenditure	(120)	-	-	(120)	21,140	21,020
Financing & Investment Income & expenditure	(705)	(2,880)	994	(2,591)	(375)	(2,966)
Taxation and non-specific grant income and expenditure*	(38,558)	-	-	(38,558)	(21,140)	(59,698)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	22,285	54	(4,552)	17,787	(9,778)	8,009

* 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 2022-23	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Statutory Adjustments £'000	Total Statutory Adjustments £'000	Other Non-Statutory Adjustments £'000	Total Adjustments £'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.

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	2022-23 £'000	2023-24 £'000
Expenditure		
Employee Costs	217,978	207,020
Other Operating Costs	228,520	237,886
Support Services	-	-
Depreciation, amortisation & impairment	45,559	58,738
Interest Paid	15,449	6,294
Precepts & Levies	28,375	30,892
Gain or loss on disposal of assets	(163)	(120)
Total Expenditure	535,718	540,710
Income		
Rents, fees & charges etc	(77,466)	(76,161)
Interest & investment income	(1,906)	(3,487)
Income from council tax	(94,323)	(102,390)
Government grants and contributions	(327,525)	(350,663)
Total Income	(501,220)	(532,701)
Surplus or Deficit on the Provision of Services	34,498	8,009





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 2023-24 was frozen by the Welsh Government at 53.5p in the £1 with an average rateable value of £129,180,996 compared to an average rateable value of £131,035,763 in 2022-23. The Council made a contribution to the NNDR pool of £9.908m in 2023-24 and received a net contribution from the NNDR pool of £4.410m in 2022-23.

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	2022-23	2023-24
Pembrokeshire County Council	£1,249.17	£1,342.86
Dyfed Powys Police & Crime Commissioner	£290.16	£312.65
Average Town and Community Council	£39.28	£40.56
Tax Base Number of Band D Equivalent		
Chargeable	61,307.32	60,935.15
Aggregate Collectable*	60,247.38	59,851.19

* Aggregate collectable figure made up of Budget Setting tax base 55,793.59 plus Second Homes 3,738.59 plus Long Term Empty Property Premium 319.01.

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
2023/24 Band D Equiv	4	3,789	6,665	11,687	11,098	14,705	8,599	3,513	651	224
2022/23 Band D Equiv	4	3,815	6,734	11,776	11,085	14,828	8,577	3,577	695	218

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

Council Tax Income	2022-23 £000	2023-24 £000
Council Tax Due In Year	(88,418)	(96,218)
Council Tax Due in Year - Second Home Premium	(5,516)	(6,066)
Council Tax Due in Year - Long Term Empty Property	(476)	(509)
Non-collection impairment allowance	87	403
Amount Due From Taxpayers Before Rebates	(94,323)	(102,390)
Allocated to:		
Dyfed Powys Police & Crime Commissioner Precept	(17,481)	(18,712)
Pembrokeshire County Council	(74,475)	(81,250)
Town and Community Councils Precepts	(2,367)	(2,428)
Total	(94,323)	(102,390)

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.

	2022-23 £000	2023-24 £000
Credited to Services		
DWP Subsidy Payments and Other DWP Grants	(23,416)	(22,908)
Regional Consortia Schools Improvement Grant	(5,864)	(4,331)
Regional Integration Fund*	(3,032)	(3,087)
Post 16 Grant*	(3,851)	(3,835)
Children & Communities Grant	(5,706)	(5,285)
Local Authority Education Grant	(6,661)	(10,921)
Grants & Contributions from Health Boards	(13,474)	(9,287)
Housing Support Grant*	(3,740)	(3,739)
Social Care Workforce Grant*	(1,392)	(1,780)
Cleddau Bridge Grant	(3,000)	(3,000)
Welsh Government Covid Funding	(1,424)	(103)
Other Grants or Contributions credited to Services	(28,821)	(31,154)
Total Revenue Grants & Contributions Credited to Services	(100,381)	(99,430)

* Line Added

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

	2022-23 £000	2023-24 £000
Grants & Contributions Received	(102,236)	(111,014)
Grants Held In Advance Where Conditions Not Fulfilled	1,855	11,584
Grants & Contributions Credited As Income in Year	(100,381)	(99,430)

10.1.5 CAPITAL GRANTS & CONTRIBUTIONS

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

	2022-23 £000	2023-24 £000
Credited to Taxation and Non Specific Grant Income		
General Capital Grant	(5,272)	(2,153)
Major Repairs Allowance	(3,997)	(4,000)
Welsh Government - Transport (Local Transport Fund, Safe Routes in Communities, Local Road Safety, Bulford Road, & Southern Strategic Route)	(2,647)	(3,454)
Welsh Government – Haverfordwest Interchange	-	(5,238)
Welsh Government - Flood & Coastal Erosion Risk Management	-	(565)
Welsh Government - Cashfields and Empty Homes	(3,022)	(6,540)
Levelling Up Fund	-	(2,242)
Other Grants	(15,536)	(13,634)
Developers Contributions	(413)	(732)
	(30,887)	(38,558)
Applied to Finance Capital Expenditure	(30,887)	(38,558)
	(30,887)	(38,558)

10.2 PRECEPTS AND LEVIES

	2022-23 £000	2023-24 £000
Precepts		
Dyfed Powys Police & Crime Commissioner	17,481	18,712
Town and Community Councils	2,367	2,428
Levies		
Mid West Wales Fire and Rescue Service	7,444	8,669
Pembrokeshire Coast National Park Authority	1,083	1,083
Totals	28,375	30,892

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.

	2022-23 £000	2023-24 £000
Expenditure in Year	18,174	11,643
Grant & Contributions Received in Year	(12,373)	(9,386)
Net Revenue Expenditure Funded from Capital Under Statute	5,801	2,257

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 2023-24 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 2023-24 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 2024 and the date that the accounting statements are authorised for issue.

REVENUE TRANSACTIONS

Comprehensive Income And Expenditure Statement Entries included in Net Operating Expenditure	2022-23 £000	2022-23 £000	2023-24 £000	2023-24 £000
Interest on Pension Liabilities	27,327		32,018	
Interest on Plan Assets	(21,231)		(34,898)	
		6,096		(2,880)
Administration Expenses		386		423
Past Service (Gain) / Cost		28		-
Curtailment (Gain) / Loss		6		734
Current Service Cost		41,254		19,662
		47,770		17,939
Statement of Movement on the Council Fund Balance Entries	£000	£000	£000	£000
Reversal IAS 19 Entries Above:		(47,770)		(17,939)
Actual Charges Paid In Year				
Actual Amount Charged For Period	16,969		17,103	
Cost of Enhancements Charged In Year	741		782	
		17,710		17,885
		(30,060)		(54)
Employees Contributions		5.5% - 12.5%		5.5% - 12.5%
Employers Contributions		17.5%		16.0%

THE DYFED SUPERANNUATION SCHEME PENSION ASSETS & LIABILITIES

RECONCILIATION OF PRESENT VALUE OF THE SCHEME LIABILITIES

	Total Liabilities 2022-23 £000	Funded Liabilities 2023-24 £000	Unfunded Liabilities 2023-24 £000	Total Liabilities 2023-24 £000
Liability as at 31 March	981,725	668,107	8,196	676,303
Recognition of ERW/ Partneriaeth Pension Liability	2,475	-	-	-
Liability as at 1 April	984,200	668,107	8,196	676,303
Movements in the year:				
Current Service Cost	41,254	19,662	-	19,662
Interest on Pension Liabilities	27,327	31,644	374	32,018
Member Contributions	5,982	6,528	-	6,528
Past Service (Gain) / Cost	28	-	-	-
Remeasurements (liabilities) <i>comprising of:</i>				
Experience (gain) / loss	71,756	3,525	49	3,574
(Gain) / Loss on financial assumptions	(404,223)	(11,264)	(55)	(11,319)
(Gain) / Loss on demographic assumptions	(27,580)	(8,857)	(121)	(8,978)
Curtailments	6	734	-	734
Benefits / transfers paid	(22,447)	(24,251)	(782)	(25,033)
Liability at 31 March	676,303	685,828	7,661	693,489

RECONCILIATION OF FAIR VALUE OF THE SCHEME ASSETS

	2022-23 £000	2023-24 £000
Fair Value of Plan Assets as at 31 March	747,811	727,343
Recognition of ERW / Partneriaeth Pension Asset	1,834	-
Fair Value of Plan Assets as at 1 April	749,645	727,343
Movements in the year:		
Interest on Plan assets	21,231	34,898
Remeasurements (assets)	(44,392)	44,191
Administration Expenses	(386)	(423)
Employer Contributions	17,710	17,885
Member Contributions	5,982	6,528
Benefits / transfers paid	(22,447)	(25,033)
Fair Value of Plan Assets as at 31 March	727,343	805,389



PENSION FUND ASSETS SPLIT BY CATEGORY

	31 March 2023	31 March 2024
	£000	£000
Equities	541,069	585,934
Government	3,928	-
Other Bonds	51,496	75,783
Property	97,828	99,204
Alternatives	27,785	40,437
Cash/Liquidity	5,237	4,031
Total	727,343	805,389

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 took on continuing ERW assets and running costs, and the ERW pension liability transferred 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	2.7	2.7
Rate of increase in salaries	4.2	4.2
Rate of increase in pensions	2.8	2.8
Discount Rate	4.8	4.9
Life Expectancy (Years)		
Male future pensioner aged 65 in 20 years' time	23.3	22.9
Female future pensioner aged 65 in 20 years' time	26.0	25.6
Male current pensioner aged 65	21.9	21.5
Female current pensioner aged 65	24.1	23.8



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 2024. The corresponding split of assets at the start of the year has been calculated as at 31 March 2023.
- 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 £3.331m 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 4.9%.
- 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 2024-25 estimated employer contributions are £17.183m per the Mercer report.

EFFECT OVER TIME OF ACTUAL TO ASSUMED PERFORMANCE

Scheme History	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
Present Value of Liabilities	(803,270)	(962,485)	(981,725)	(676,303)	(693,489)
Fair Value of Assets	552,032	697,421	747,811	727,343	805,389
Surplus / (Deficit) in the scheme	(251,238)	(265,064)	(233,914)	51,040	111,900

The total asset of £1111.9m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. For 2023-24 Pembrokeshire remains in a surplus position, with the improving position primarily due to remeasurements on assets, 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 any retirement outside the terms of the Teacher Pension Scheme.

Comprehensive Income & Expenditure Statement Entries	2022-23 £000	2023-24 £000
Included in Net Operating Expenditure		
Total contributions charged to the accounts	10,033	10,624
Employees contribution rate	7.4% - 11.7%	7.4% - 11.7%
Employers contribution rate	23.7%	23.9%



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 16% for 2023-24 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	2022-23	145,818	25,518	6,612	11,207
	2023-24	150,900	24,148	6,612	36
Assistant Chief Executive	2022-23	117,229	20,515	5,683	2,146
	2023-24	124,576	19,932	5,683	-
Director of Resources	2022-23	128,254	22,444	5,128	545
	2023-24	132,743	21,239	5,111	-
Director of Community Services*	2022-23	128,254	22,444	7,468	500
	2023-24	33,186	5,310	1,856	-
Director of Social Services & Housing	2022-23	133,056	23,261	4,774	-
	2023-24	121,770	19,456	514	-
Director for Education	2022-23	126,106	22,069	888	500
	2023-24	132,743	21,239	899	-

*Director of Community Services – post vacated and deleted from 1st July 2023.

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

Other Employees	Number Of Employees							
	2022-23				2023-24			
	Corporate	Schools	VA/RC Schools	Totals	Corporate	Schools	VA/RC Schools	Totals
£60,000 - £64,999	4	27	3	34	8	22	3	33
£65,000 - £69,999	12	18	1	31	8	21	2	31
£70,000 - £74,999	-	11	-	11	9	17	-	26
£75,000 - £79,999	-	4	-	4	4	15	1	20
£80,000 - £84,999	-	1	-	1	-	5	-	5
£85,000 - £89,999	4	4	-	8	3	3	-	6
£90,000 - £94,999	4	2	-	6	6	1	-	7
£95,000 - £99,999	2	1	-	3	2	4	-	6
£100,000 - £104,999	1	-	-	1	4	1	-	5
£105,000 - £109,999	1	-	-	1	1	3	-	4
£110,000 - £114,999	-	-	-	-	-	2	-	2
£115,000 - £119,999	-	1	-	1	-	-	-	-
£120,000 – upwards	-	1	-	1	-	2	-	2



The remuneration of the Council's Chief Executive / Head of Paid Services during 2023-24 was £150,900 (2022-23 £145,818). The median remuneration of all the Council's employees during 2023-24 was £24,582 (2021-22 £22,658). 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 2023-24 was approximately 6.1 : 1. (2022-23 6.4 : 1)

10.5.2 MEMBERS ALLOWANCES

The total allowances including taxable benefits paid to Members in the year totalled £1,354,072 compared with £1,265,896 in 2022-23.

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)	2022-23				2023-24			
	No's			£000	No's			£000
	Compulsory	Other	Total		Compulsory	Other	Total	
£0 - £20,000	3	76	79	642	9	32	41	409
£20,001 - £40,000	-	14	14	369	-	13	13	330
£40,001 - £60,000	-	9	9	490	1	5	6	332
£60,001 - £80,000	1	3	4	294	-	1	1	75
£80,001 - £100,000	-	1	1	88	-	1	1	87
Total	4	103	107	1,883	10	52	62	1,233

Pension Costs - Capital Settlement (Current Year)	2022-23		2023-24	
	No's	£000	No's	£000
£0 - £20,000	23	181	13	85
£20,001 - £40,000	7	215	9	250
£40,001 - £60,000	3	145	3	141
£60,001 - £80,000	-	-	2	132
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	1	114	1	110
Total	34	655	28	718

Pension Costs - Annual Contribution (Prior Year)	2022-23	2023-24
	£000	£000
Annual Contribution	950	1,644
Total	950	1,644



10.6 AUDIT FEES

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

	2022-23* £000	2023-24* £000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	197	209
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure	120	127
Fee payable for the certification of grant claims and returns	42	42
Total	359	378

* The figures for both 2022-23 and 2023-24 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 (£3.770m 2023-24 expenditure; £1.429m creditor balance), Pembrokeshire Association of Voluntary Services (£1.132m 2023-24 expenditure; £0.200m creditor balance), Ceredigion County Council (£0.749 2023-24 expenditure; £0.192m creditor balance), Midway Motors Crymych Ltd (£3.902m 2023-24 expenditure), Community Interest Care CIC (£2.663m 2023-24 expenditure), Pembroke Dock Town Council (£0.213m 2023-24 expenditure), Pembroke Town Council (£0.200m 2023-24 Expenditure), Milford Haven Port Authority (£0.441m 2023-24 expenditure; £0.001 creditor balance), Pembrokeshire Coast National Park Authority (£0.364m 2023-24 expenditure), Haverfordwest High VC School (£0.633m 2023-24 expenditure), BT Openreach (£0.497m 2023-24 expenditure; £0.010m creditor balance), Pembrokeshire Mind (£0.336m 2023-24 expenditure) and Pembrokeshire Citizens Advice (£0.268m 2023-24 expenditure; £0.058m creditor balance).

A further £2.048m 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 Gerald D Harris & Son Ltd (£4.795m 2023-24 expenditure), Pembrokeshire Care Society (£0.598m 2023-24 expenditure), Audit Wales (£0.445m 2023-24 expenditure; £0.018m creditor balance), Welsh Local Government Association (£0.142m 2023-24 expenditure) and Pembrokeshire College (£0.214m 2023-24 expenditure; £0.038m creditor balance).

A further £0.147m 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 2024 are set out within note 12.4.3.

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	
	2022-23 £000	2023-24 £000
Balance B/fwd	-	-
Contributions:		
PCC	302	312
Hywel Dda	302	311
Expenditure in Year	604	623
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.

PARTNERIAETH

Partneriaeth is an alliance of up to three local authorities, Carmarthenshire County Council, Pembrokeshire County Council and the City and County of Swansea Council. 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 Council's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below.

Partneriaeth				
Income and Expenditure	2022-23*		2023-24	
	Total Partneriaeth £000	PCC Share £000	Total Partneriaeth £000	PCC Share £000
Expenditure	49,820	10,006	28,443	6,326
Income	(50,099)	(10,067)	(28,251)	(6,284)
Net Expenditure	(279)	(61)	192	42
Movement on Reserves	279	61	(192)	(42)
Net (Surplus) / Deficit	-	-	-	-

*To reflect Partneriaeth 2022-23 Audited Statement of Accounts



Balance Sheet as at 31 March	2022-23		2023-24	
	Total Partneriaeth	PCC Share	Total Partneriaeth	PCC Share
	£000	£000	£000	£000
Current Assets	2,734	596	2,304	502
Current Liabilities	(963)	(210)	(725)	(158)
Total Assets Less Liabilities	1,771	386	1,579	344
Net Assets	1,771	386	1,579	344
Usable Reserves	(1,771)	(386)	(1,579)	(344)
Total Financing	(1,771)	(386)	(1,579)	(344)

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 during this financial year the contribution amounted to £5,000.

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	2022-23	2023-24
	£000	£000
Expenditure	15,374	7,103
Grant Income	(9,788)	(5,237)

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

SOUTH WEST WALES CORPORATE JOINT COMMITTEE (SWWCJC)

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

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

The 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 (SWITCH) 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 WITBYBUSH 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.

Discussions are still on going with Welsh Government to validate development expenditure to date for both parties. Consequently the percentage split for the joint venture is still undetermined. The Council expenditure for Withybush Food Park was £10k & £50k for 2023-24 and 2022-23 respectively.

Withybush Food Park	2022-23 £000	2023-24 £000
PCC Share of Expenditure	50	10

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

10.7.4.6 CONTROLLED OR INFLUENCED ENTITIES

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





11.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT



11.0 NOTES TO THE MOVEMENT IN RESERVES STATEMENT

11.1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND REGULATORY FUNDING BASIS

Actuals 2023-24	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	(29,378)	(5,515)	-	(34,893)	34,893
Impairment / Revaluation	(7,569)	(16,276)	-	(23,845)	23,845
Capital Grants Treated As Income	28,017	10,541	-	38,558	(38,558)
Revenue Expenditure Funded From Capital Under Statute	(2,257)	-	-	(2,257)	2,257
Disposal of Non-Current Assets	(829)	51	(569)	(1,347)	1,347
Use of Capital Receipts, Grants & Contributions to finance Capital Expenditure	-	-	828	828	(828)
Use of Capital Receipts set aside as reserved receipts	-	-	33	33	(33)
Financing Cost Adjustment (EIR adjustment)	(291)	-	-	(291)	291
Pension Cost Adjustment	(17,238)	(701)	-	(17,939)	17,939
Employee Benefits – Leave Accrual	1,071	-	-	1,071	(1,071)
Amounts excluded in Total Comprehensive Income and Expenditure required by regulation to be included to arrive at the funding position					
Minimum Revenue Provision	2,714	1,545	-	4,259	(4,259)
Statutory Repayment of Debt (PFI)	452	-	-	452	(452)
Capital Expenditure Charged To Council Fund (inc PFI Lifecycle)	5,969	12,158	-	18,127	(18,127)
Amortisation of net premium/discounts in relation to financial instruments	2	-	-	2	(2)
Employers contributions to pension schemes	17,172	713	-	17,885	(17,885)
Net Adjustment Required	(2,165)	2,516	292	643	(643)



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



11.2 USABLE RESERVES

11.2.1 GENERAL FUND, HRA, EARMARKED AND EDUCATION SPECIFIC RESERVES

	Balance 31 March 2023 £000	Contrib'n (from) Revenue Accounts £000	Contib'n to Revenue Accounts £000	Financing Adj & Tfr to Provision £000	Contrib'n to Capital Accounts £000	Balance 31 March 2024 £000
Working Balances						
General Fund	(8,000)	(1,100)	-	-	-	(9,100)
HRA	(752)	-	-	-	-	(752)
Total Working Balances	(8,752)	(1,100)	-	-	-	(9,852)
Earmarked Reserves						
HRA Capital Reserve						
Housing HRA	(13,383)	(6,961)	-	-	12,150	(8,194)
Total HRA Capital Reserve	(13,383)	(6,961)	-	-	12,150	(8,194)
General Fund Capital Reserves						
General Capital Fund	(2,310)	(90)	80	-	221	(2,099)
PFI Legacy	(1,408)	-	-	-	-	(1,408)
Total Capital General Fund Reserves	(3,718)	(90)	80	-	221	(3,507)
General Fund Earmarked Revenue Reserves						
Insurance	(2,404)	(453)	-	(137)	-	(2,994)
Winter Maintenance	(227)	-	-	-	-	(227)
Risk Management	(2,631)	(453)	-	(137)	-	(3,221)
Property & Equipment	(724)	(459)	-	-	94	(1,089)
Carriageway Reconstruction	(410)	(580)	52	-	165	(773)
Vehicles & Plant	(9,779)	(2,444)	-	-	5,337	(6,886)
Cleddau Bridge	(1,790)	(449)	-	-	-	(2,239)
West Wales Crematorium	(1,236)	(148)	-	-	125	(1,259)
Car Parks	(846)	(631)	-	-	27	(1,450)
Asset Renewal & Repair	(14,785)	(4,711)	52	-	5,748	(13,696)
Elections	(553)	(14)	1	-	-	(566)
Social Care Reorganisation	(1,268)	-	766	-	-	(502)
Education Reorganisation	(599)	-	158	-	-	(441)
Mutual Investment Model (MIM)	(188)	(433)	-	-	-	(621)
Equalisation	(2,608)	(447)	925	-	-	(2,130)
Initiative Fund	(12,603)	(86)	2,064	-	-	(10,625)
Hardship Fund	(7,482)	-	1,794	-	-	(5,688)
Programme for Administration	(3,322)	(214)	545	-	-	(2,991)
Second Home Premium General Fund	-	(3,597)	3,597	-	-	-
Affordable Housing	(8,365)	(899)	133	-	-	(9,131)
Enhancing Pembrokeshire	(2,607)	(300)	803	-	-	(2,104)
Bringing Homes into Use	(376)	(402)	-	-	-	(778)
Corporate	(34,755)	(5,498)	8,936	-	-	(31,317)
Service Delivery	(4,556)	(26)	86	-	-	(4,496)
Planning	(204)	-	-	-	-	(204)
Building Regs	(81)	-	66	-	-	(15)
County Farms	(196)	(15)	-	-	-	(211)
Riverside Shopping Centre	(607)	(68)	-	-	-	(675)
Environmental Services	(693)	(51)	-	-	-	(744)
Grant Exit Costs	(207)	-	-	-	-	(207)
Service Delivery	(6,544)	(160)	152	-	-	(6,552)
Joint Arrangements	(18)	2	-	-	-	(16)
External	(18)	2	-	-	-	(16)
Total General Fund Revenue Earmarked Reserves	(61,341)	(11,267)	10,065	(137)	5,748	(56,932)
Schools ISB Balances	(6,150)	(757)	3,038	-	-	(3,869)
School Catering SLA	(305)	-	-	-	-	(305)
Schools Maintenance SLA	(958)	(884)	-	-	-	(1,842)
Schools Supply Insurance	(538)	(163)	-	-	-	(701)
ICT Infrastructure	(3,106)	(1,583)	-	-	-	(4,689)
Total Schools & Related Reserves	(11,057)	(3,387)	3,038	-	-	(11,406)

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 2023 £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 2024 £000
Capital Receipts Reserve							
General Fund	(14,256)	(569)	33	-	-	828	(13,964)
HRA	-	-	-	-	-	-	-
TOTAL	(14,256)	(569)	33	-	-	828	(13,964)

11.2.3 CAPITALISATION OF REVENUE EXPENDITURE

Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Certain Costs as Capital Expenditure to create a Capitalisation Directive to use capital receipts to fund the costs of Service Reform and Transformation.

During 23-24 The Council has used flexibility in the use of capital receipts under the guidance and direction issued by Welsh Government.

Project	Expenditure 23-24	Expenditure Capitalised and Funded Through Capital Receipts	Expected Savings Per Annum
Workforce Transformation	828	828	719
TOTAL	828	828	719



12.0 NOTES TO THE BALANCE SHEET

Pembrokeshire County Council – Statement of Accounts 2023-24



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 Transport, General Fund Housing, Environment and Public Protection took place. Capital receipts from the disposal of property assets was £0.02m in respect of non-council housing and there were only sales of small frontages of £0.018m on HRA. There were no Council House Sales.

12.1.1 FIXED ASSETS

The Council's fixed asset portfolio was valued at £1.090m as at 31 March 2024 compared to £1.025m as at 31 March 2023.

Fixed assets acquisitions in the year were made for consideration of £9.65m. This figure is included in the total additions value of £83.12m with the remaining value relating to construction costs or work relating to existing assets.

Asset disposals realised £0.2m in respect of non-council housing, £0.0m in respect of Council House sales & £0.018m in Council House Land. At 31st March 2024, surplus asset awaiting disposal have an estimated value of £1.89m, of which £0.750m is estimated as being likely to be sold within the next 12 months.

At 31 March 2024, 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.

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, Bruton Knowles. 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	10,148	46,858	39,794	512	890	52,225	-	150,427
Valued at Fair Value as at:								
31 March 2024	2,514	457,534	-	69	-	-	1,814	461,931
31 March 2023	3,986	67,562	-	-	-	-	250	71,798
31 March 2022	272,752	4,258	-	-	-	150	-	277,160
31 March 2021	10,076	300	-	-	-	810	-	11,186
31 March 2020	-	-	-	-	-	5,633	-	5,633
Total Cost or Valuation	299,476	576,512	39,794	581	890	58,818	2,064	978,135

Voluntary Controlled (VC) and Voluntary Aided (VA) 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 12.1.1.3 and Table 12.1.1.4 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 2023-24 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 MOVEMENT IN NON-CURRENT ASSET VALUES PROPERTY, PLANT & EQUIPMENT DETAILS 2023-24

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 2023	294,609	513,384	7,688	35,644	620	1,951	60,193	2,133	916,222
Opening Balance Adjustment	(1,683)		(7,688)						(9,371)
Cost or Valuation At 1 April 2023	292,926	513,384	-	35,644	620	1,951	60,193	2,133	906,851
Additions	22,873	8,656	6,887	5,986	10	1,941	36,640	-	82,993
De-recognition / disposals	-	(525)	-	(1,598)	-	-	-	-	(2,123)
De-recognition – other (component)	(11,180)	-	(58)	(238)	(10)	(1,157)	-	-	(19,263)
Revaluation Acc Dep & Imp w/o to Gross Carrying Amount	(55)	(18,135)	-	-	(62)	(482)	-	(528)	(19,262)
Revaluations increases / (decreases) recognised in the Revaluation Reserve	-	39,675	-	-	-	-	-	777	40,452
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(5,088)	2,062	-	-	23	(1,363)	-	12	(4,354)
Reclassifications – (to) / from Held for Sale								(330)	(330)
Other Movements	-	38,015	-	-	-	-	(38,015)	-	-
At 31 March 2024	299,476	576,512	6,829	39,794	581	890	58,818	2,064	984,964
Depreciation & Impairments									
Depreciation	(5,109)	5,594	-	(16,430)	-	-	(219)	(5)	(16,169)
Impairment	(1,145)	(7,793)	-	(2,701)	(63)	(833)	(1,212)	6	(13,741)
At 31 March 2023	(6,254)	(2,199)	-	(19,131)	(63)	(833)	(1,431)	1	(29,910)
Opening Balance Adjustment									
Depreciation	298	-	-	-	-	-	-	-	298
Depreciation & Impairments									
Depreciation	(4,811)	5,594	-	(16,430)	-	-	(219)	(5)	(15,871)
Impairment	(1,145)	(7,793)	-	(2,701)	(63)	(833)	(1,212)	6	(13,741)
At 1 April 2023	(5,956)	(2,199)	-	(19,131)	(63)	(833)	(1,431)	1	(29,612)
Depreciation Charge for 2023-24	(5,445)	(19,952)	(3,318)	(5,317)	-	-	-	(704)	(34,736)
Impairment Losses & Non-Enhancing Expenditure to Revaluation Reserve		(156)							(156)
Impairment Losses & Non-Enhancing Expenditure to Surplus/Deficit on the Provision of Services	-	(228)	-	-	-	-	-	-	(228)
Derecognition / Disposals:									
~ W/O Accumulated Depreciation	-	-	-	1545	-	-	-	-	2,071
~ W/O Accumulated Impairment	-	-	8	-	-	-	-	-	8
Revaluations:									
~ W/O Accumulated Depreciation	47	18,055	-	-	-	-	-	528	18,630
~ W/O Accumulated Impairment	-	80	-	-	63	482	-	-	625
Reclassifications:									
~ Transfer Accumulated Impairment b/fwd	-	(672)	-	-	-	-	672	-	-
At 31 March 2024	(11,354)	(4,546)	(3,310)	(22,903)	-	(351)	(759)	(175)	(43,398)
Infrastructure NBV Bfwd*	12,019	-	136,144	-	-	-	-	-	148,163
Balance Sheet Amount at 31 March 2024	300,141	571,966	139,663	16,891	581	539	58,059	1,889	1,089,729
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

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



12.1.1.4 COMPARATIVE MOVEMENT IN NON CURRENT ASSET VALUES PROPERTY, PLANT & EQUIPMENT 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

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



12.1.1.5 HERITAGE ASSETS

Heritage Assets with a net carrying amount of £0.539m and £1.118m were held for 2023-24 and 2022-23 respectively. Further details of the Council's Heritage Assets can be obtained from the Pembrokeshire Museums and Archives Services.

12.1.2 INTANGIBLE ASSETS

Certain externally purchased software packages are recognised as intangible assets in the Balance Sheet, having a net carrying amount of £0.072m and £0.105m for 2023-24 and 2022-23 respectively.

12.1.3 IFRS 13 FAIR VALUE MEASUREMENT – SURPLUS ASSETS

The fair value of the Council's surplus assets were £1.889m and £2.134m as at 31 March 2024 & 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 renegotiated 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.



12.1.4 CAPITAL EXPENDITURE AND FINANCING

12.1.4.1 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.

	2022-23 £000	2023-24 £000
Capital Expenditure Analysed by Services:		
Education	13,089	19,875
Social Services	908	396
Transport	10,097	5,481
Housing – H.R.A.	17,321	23,023
Housing – Council Fund	1,620	690
Culture & Related Services	2,457	3,644
Development	9,411	4,478
Environmental	3,902	24,289
Corporate	1,340	7,650
City Deal	15,376	7,103
	75,521	96,629
Assets Acquired Under Finance Leases in the Year	53	16
Capital Investment	75,574	96,645
Representing:		
Fixed Assets Property Plant & Equipment	57,142	82,993
Unsupported Borrowing/LGBI	-	1,798
Intangible Assets	143	125
Loans & Advances	115	86
Gross Revenue Expenditure Funded from Capital Under Statute	18,174	11,643
	75,574	96,645
Financed by:		
Loans/Supported Borrowing	14,428	3,790
Unsupported Borrowing/LGBI	5,295	25,609
Capital Grants & Other Contributions	43,260	48,275
General Fund Reserves & Receipts Applied	12,538	18,955
Finance Leases	53	16
	75,574	96,645

12.1.4.2 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.

	2022-23 £000	2023-24 £000
Capital Financing Requirement as at 1 April	236,679	250,355
Movements in Year		
Increase/(Decrease) in Supported Borrowing (Local & Central Taxation)	13,623	24,655
Assets Acquired/Disposed of Under Finance Leases	53	16
Capital Finance Requirement as at 31 March	250,355	275,026
In Year Movement		
Capital Investment:		
Property Plant and Equipment	57,142	82,993
Property Plant and Equipment Non-Enhancing Expenditure in Year Adjustment		1,798
Intangible Assets	143	125
Loans & Advances	115	86
Revenue Expenditure Funded From Capital Under Statute	18,174	11,643
Sub-total	75,574	96,645
Total	75,574	96,645
Sources of Finance:		
Capital Receipts	(16)	(828)
Set Aside Capital Receipts	(16)	(33)
Government Grants and Other Contributions	(43,260)	(48,275)
Sums Set Aside From Revenue:		
- Direct Revenue Contribution	(12,522)	(18,127)
- Minimum Revenue Provision	(6,084)	(4,711)
	(60,141)	(71,974)
Increase/(Decrease) in Capital Financing Requirement	13,676	24,671



12.1.4.3 CAPITAL CONTRACT COMMITMENTS

The following represents amounts committed under major works contracts. £6.105m has been accrued in the 2023-24 accounts.

The major commitments under capital contracts at the 31 March are:	2022-23 £000	2023-24 £000
Education	11,370	1,724
Social Care	109	14
Transport	2,911	1,502
Housing – H.R.A.	3,232	2,506
Housing – Council Fund	26	0
Culture & Related Services	1,757	1,804
Development	2,583	1,066
Environmental	26,898	4,269
Corporate	301	11
	49,187	12,896

The main cause for the commitments decreasing was due to the Environmental Scheme for the new Eco Park and Welsh Medium School.

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 £0.518m and £0.495m for 2022-23 and 2023-24 respectively.

The minimum lease payments due under Finance Lease arrangements are £0.941m and £0.922m at 31 March 2023 and 31 March 2024 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 £22,248m.



Receipts Due	Payments Receivable 2024-25	Payments Recievable 2025/26 - 2028/29	Payments Receivable Post 2029	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 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 2024 was £16.6m. The corresponding fair value at 31 March 2023 was 62.0m.

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 2023 £000	Maturity Value			Interest Accrued in Year £000	Amortised Value 31 March 2024 £000	Fair Value 31 March 2024 £000
		1 April 2023 £000	Move-ment In Year £000	31 March 2024 £000			
Short Term (under 12 months)							
Money Market	25,201	25,000	(20,000)	5,000	399	5,399	5,120
	25,201	25,000	(20,000)	5,000	399	5,399	5,120
Cash Equivalent							
Money Market	36,827	36,693	(20,132)	16,561	116	16,677	16,957
Total Investments	62,028	61,693	(40,132)	21,561	515	22,076	22,077



12.4 DEBTORS AND CREDITORS

12.4.1 DEBTORS AND PREPAYMENTS

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

	Net 1 April 2023	Gross 31 March 2024	Impairment Allowance	Net 31 March 2024
	£000	£000	£000	£000
Amounts falling due after one year:				
Other Loans	3,396	2,589	-	2,589
Debts Against Estates	1,714	2,634	-	2,634
	5,110	5,223	-	5,223
Amounts falling due in one year:				
Trade Receivables	28,376	21,709	(4,780)	16,929
Prepayments	1,984	1,524	-	1,524
Other Receivable Amounts	59,058	70,674	(8,708)	61,966
	89,418	93,907	(13,488)	80,419

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

12.4.2 CREDITORS & SHORT-TERM BORROWING

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

	Balance 31 March 2023				Balance 31 March 2024			
	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	(31,048)	(14)	(10,380)	(41,442)	(30,601)	(136)	(13,358)	(44,095)
Other Payables	(27,354)	(1,841)	(16,000)	(45,195)	(24,618)	(11,448)	(16,414)	(52,480)
	(58,402)	(1,855)	(26,380)	(86,637)	(55,219)	(11,584)	(29,772)	(96,575)
Loan Interest				(1,014)				(1,967)
Loans Maturing within One Year				(12,196)				1,791
Total Creditors				(99,847)				(100,333)

The decrease 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.

12.4.3 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 2023	Applied in Year Conditions Met	Received In Year Conditions Outstanding	Balance at 31 March 2024
Current Liability:				
Revenue Grants				
- General Fund	(1,855)	1,169	(10,898)	(11,584)
- HRA	-	-	-	-
Capital Grants				
- General Fund	(26,380)	4034	(7,426)	(29,772)
- HRA	-	-	-	-
Total	(28,235)	5,203	(18,324)	(41,356)

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

Capital Grants Receipts in Advance	2022-23 £000	2023-24 £000
Current Liabilities		
WG - Home Improvements	(1)	(1)
WG - Town Centre	(3,204)	(3,204)
WG - Withybush Food Park	(1,163)	(1,161)
WG - Transport Interchange	(7,462)	(10,264)
LUF Haverfordwest Castle	(2,324)	(82)
Contribution to Group Repair Schemes	(185)	(185)
S106 Developers Contributions	(8,160)	(8,334)
Other Capital Grants & Contributions	(3,881)	(6,541)
Total Current Liabilities Capital Grants Receipts in Advance	(26,380)	(29,772)

Revenue Grants Receipts in Advance	2022-23 £000	2023-24 £000
Current Liabilities		
Education	(233)	(111)
Children & Adult Social Services	(352)	(656)
Community Services*	(1,191)	(10,666)
Central & Corporate Services	(12)	(112)
General Fund Housing & HRA	(67)	-
Highways	-	(39)
Total Current Liabilities Revenue Grants Receipts in Advance	(1,855)	(11,584)

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

12.5 CASH AND CASH EQUIVALENT

	Balance 31 March 2023 £000	Balance 31 March 2024 £000
Cash at bank / in hand	(578)	741
Bank Call Accounts	36,827	16,677
Total Cash and Cash Equivalents	36,249	17,418

12.6 ASSETS HELD FOR SALE

	2022-23 £000	2023-24 £000
Balance outstanding at start of year	-	-
Assets classified as Held for Sale during year	-	330
Assets sold	-	(330)
Balance outstanding at end of year:	-	-

12.7 PROVISIONS AND CONTINGENT LIABILITIES AND ASSETS

12.7.1 PROVISIONS

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

	2022-23			2023-24		
	Insurance £000	Other £000	Total £000	Insurance £000	Other £000	Total £000
Brought Forward at 1 April	(2,418)	-	(2,418)	(2,667)	-	(2,667)
Cost of Claims Charged To Services	553	-	553	317	-	317
Less : External Reimbursement	(7)	-	(7)	(13)	-	(13)
Other			-			-
Charged To Provision	546	-	546	304	-	304
Contributions & Transfers In Year	(795)	-	(795)	138	-	138
Balance Carried Forward at 31 March	(2,667)	-	(2,667)	(2,225)	-	(2,225)

12.7.2 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 £346,000 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.
- 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.
- 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.
- From December 2023, the Renting Homes (Wales) Act 2016 brought into effect a change in rights for tenants and increased safety responsibilities for landlords. This has potential financial implications for the Housing Revenue Account, however this cannot be reliably estimated until there is further guidance. The council is taking legal advice to clarify its responsibilities and remedial actions.

12.7.3 CONTINGENT ASSETS

None.



12.8 LONG TERM BORROWING

12.8.1 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	2022-23 £000	Market Loans £000	WG £000	PWLB £000	2023-24 £000
Maturity Value	(190,954)	(25,000)	(1,946)	(147,291)	(174,237)
Financial Adjustment Account Entries					
Effective Interest Rate Adjust					
• Prior years	(382)	(554)	216	-	(338)
• Current year	44	(251)	(40)	-	(291)
Deferred Liabilities Account Entries					
Discounts Transferred	(200)	(200)	-	-	(200)
Less Discount write down					
• Prior years	27	30	-	-	30
• Current year	3	2	-	-	2
Council Fund Account Entries					
Effective Interest Rate w/off	(8)	(8)	-	-	(8)
Amortised Value	(191,470)	(25,981)	(1,770)	(147,291)	(175,042)

12.8.2 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 2024. 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	2022-23 £000	Market Loans £000	WG £000	PWLB £000	2023-24 £000
Maturity Value					
As at 1 April					
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)
Repaid in Year	1,194	15,000	162	12,034	27,196
Raised in Year	(412)	-	(60)	-	(60)
As at 31 March					
Long Term Borrowing	(190,954)	(25,000)	(1,946)	(147,277)	(174,223)
Short Term Borrowing	(12,196)	-	(254)	(1,537)	(1,791)
Total Borrowing	(203,150)	(25,000)	(2,200)	(148,814)	(176,014)
Change in amount due in less than 1 year	(11,002)	-	(92)	10,497	10,405
Fair Value	(200,569)	(22,825)	(1,652)	(137,250)	(161,727)

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 2024. However for comparison calculating fair value using exit pricing would have resulted in a value of £182.86m 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 2024 is shown within note 12.10.3.2.

12.9 USABLE RESERVES

	2022-23 £000	2023-24 £000
Earmarked Reserves (see note 11.2.1)	(89,499)	(80,039)
Capital Receipts and Contributions (see note 11.2.2)	(14,256)	(13,964)
Total	(103,755)	(94,003)

12.10 UNUSABLE RESERVES

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

	Balance at 1 April 2023 £000	Movement in Year £000	Balance at 31 March 2024 £000
Capital Adjustment Account	(494,852)	(13,276)	(508,128)
Revaluation Reserve	(283,864)	(29,935)	(310,799)
Financial Instruments Adjustment Account	404	289	693
Accumulated Absences Account	3,721	(1,071)	2,650
Pensions Reserve	(51,040)	(60,860)	(111,900)
Unusable Reserves Total	(825,631)	(101,853)	(927,484)

12.10.1 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.

	2022-23 £000	2023-24 £000
Balance 1 April	(487,050)	(494,852)
Amounts Set Aside To Repay Debt		
- Minimum Revenue Provision	(6,084)	(4,711)
- Reserved Capital Receipts	(16)	(33)
Financing of Expenditure on Fixed Assets:		
- Capital Fund applied	(10,403)	(16,522)
- Other Funds applied	(2,119)	(1,605)
- Capital Receipts applied	(16)	(828)
- Capital Grants & Contributions credited to CI&E applied to capital financing	(30,887)	(38,558)
Income & Expenditure Statement Charges:		
- Write down of Net Revenue Expenditure Funded from Capital Under Statute	5,801	2,257
- Amount Provided for Depreciation	31,193	34,893
- Non-Enhancing Expenditure	14,734	19,263
- Impairment	138	228
- Revaluation Loss	3,696	6,940
- Revaluation Gain used to reverse previous Revaluation Loss	(4,202)	(2,586)
- Write down of Deferred Liability	243	965
Fixed Asset Movements:		
- Disposals	693	382
Revaluation Reserve Movements:		
- Amounts written off	(10,573)	(13,361)
Balance Carried Forward 31 March	(494,852)	(508,128)

12.10.2 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

	2022-23 £000	2023-24 £000
Balance Brought Forward at 1 April	(258,083)	(283,864)
Revaluation Gains	(59,215)	(50,441)
Downward revaluation and impairment*	22,861	10,145
Surplus/Deficit on revaluation of non-current assets not charged to the surplus/deficit on the provision of services	(36,354)	(40,296)
Write off excess current value depreciation over historical cost depreciation	10,314	13,120
Write off balance re asset disposals	259	241
Total Written Off	10,573	13,361
Balance Carried Forward at 31 March	(283,864)	(310,799)

* 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



12.10.3.1 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 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 2024.
- 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.



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

Profile at 31 March 2024

Due for Redemption Within:	1 Year £000	1-2 Years £000	2 to 5 Years £000	5 to 10 Years £000	Over 10 Years £000	Total 2023-24 £000
Market Loans	-	-	-	-	25,000	25,000
WG	254	346	876	724	-	2,200
PWLB	1,537	1,539	11,504	22,734	111,514	148,828
Total	1,791	1,885	12,380	23,458	136,514	176,028
Fixed rate	1,791	1,885	12,380	23,458	111,500	151,014
Variable rate	-	-	-	-	25,000	25,000
Total	1,791	1,885	12,380	23,458	136,500	176,014

12.10.3.3 ANALYSIS OF INVESTMENT PORTFOLIO AT MATURITY VALUE BY CREDIT EXPOSURE AND BY MATURITY PROFILE AT 31 MARCH 2024

Due for Realisation Within :	1 Year £000	2 Years £000	5 Years £000	Total 2023-24 £000
Specified Investments (duration when made less than 364 days)				
Banks & Building Societies	21,561	-	-	21,561
Total	21,561	-	-	21,561
Fixed rate	5,000	-	-	5,000
Variable rate (Call Accounts/MMF)	16,561	-	-	16,561
Total	21,561	-	-	21,561

12.10.4 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.

	2022-23 £000	2023-24 £000
Balance 1 April	1,809	3,721
Settlement or cancellation of preceding year's accrual	(1,809)	(3,721)
Accrual for current year	3,721	2,650
Balance 31 March	3,721	2,650



12.10.5 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.

	2022-23 £000	2023-24 £000
Balance 31 March	233,914	(51,040)
Recognition of ERW / Partneriaeth Pension Reserve	641	-
Balance 1 April	234,555	(51,040)
Remeasurements of Pension Liabilities and Assets	(315,655)	(60,914)
Reversal of items chargeable to the surplus/ deficit on the provision of services in the Comprehensive Income and Expenditure Statement	47,770	17,939
Employers pension contributions and other direct payments in the year	(17,710)	(17,885)
Balance 31 March	(51,040)	(111,900)





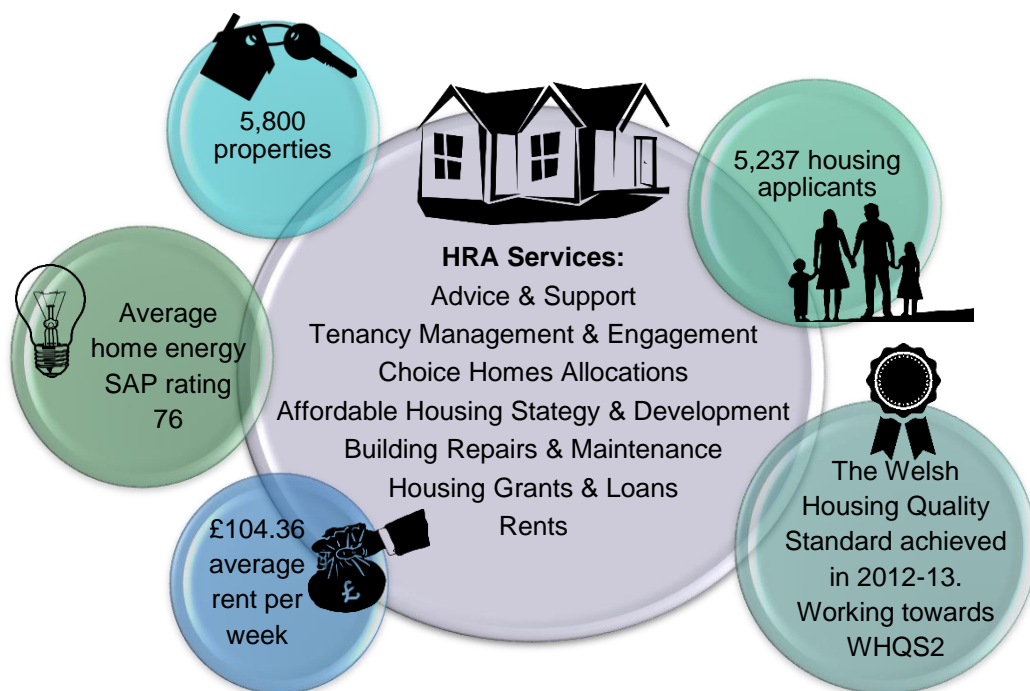
13.0 HOUSING REVENUE ACCOUNT (HRA)

Pembrokeshire County Council – Statement of Accounts 2023-24



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.

	2022-23		2023-24	
	HRA Working Balance	Earmarked HRA Reserves	HRA Working Balance	Earmarked HRA Reserves
	£000	£000	£000	£000
Balance 1 April	(752)	(13,686)	(752)	(13,383)
(Surplus) / Deficit On HRA Services	204	-	2,236	-
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	(16,100)	-	(21,791)	-
- Capital Grants treated as revenue income	7,015	-	10,541	-
- Net gain or loss on disposal of non-current assets	16	-	51	-
- Pension Cost Adjustment	(2,272)	-	(701)	-
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	10,024	-	12,158	-
- Employer's contribution to the Dyfed Pension Fund	741	-	713	-
Net (Increase) / Decrease Before Transfers (To) / From Reserves	969	-	2,516	-
Transfers (To)/ From Reserves	(1,173)	303	(4,752)	5,189
(Increase) / Decrease In Year	(204)	303	(2,236)	5,189
Balance 31 March	(752)	(13,383)	(752)	(8,194)



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.

	2022-23			2023-24		
	Rent Setting	Adjusts	IFRS Report	Rent Setting	Adjusts	IFRS Report
	£000	£000	£000	£000	£000	£000
Income						
Rents: Dwellings (gross)	(25,943)	-	(25,943)	(27,497)	-	(27,497)
Other	(377)	-	(377)	(374)	-	(374)
Charges for services and facilities	(386)	-	(386)	(412)	-	(412)
Contributions towards expenditure	(846)	(16)	(862)	(241)	(51)	(292)
Total Income	(27,552)	(16)	(27,568)	(28,524)	(51)	(28,575)
Expenditure						
Repairs and maintenance (Pensions IAS19 adj)	8,912	-	8,912	10,847	53	10,900
Supervision and management (Pensions IAS19 adj)	5,118	1,237	6,355	5,670	55	5,725
Rents, rates, taxes & other charges	98	-	98	279	-	279
Bad debt provision	381	-	381	328	-	328
Depreciation, impairment & revaluation movements of non current assets	-	16,100	16,100	-	21,791	21,791
Debt management costs	10	-	10	10	-	10
Total Expenditure	14,519	17,337	31,856	17,134	21,899	39,033
HRA services share of corporate and democratic core	83	-	83	83	-	83
Net Cost / (Income) of HRA Services	(12,950)	17,321	4,371	(11,307)	21,848	10,541
HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement						
Interest receivable	(323)	-	(323)	(705)	-	(705)
Minimum Revenue Provision	1,545	(1,545)	-	1,545	(1,545)	-
Interest payable (including debt redemption premiums and discounts)	2,877	-	2,877	3,061	-	3,061
Appropriations to Reserves (Gains)/Loss on HRA assets	8,850	(8,850)	-	7,406	(7,406)	-
Major Repairs Allowance & Other Grants	-	(7,015)	(7,015)	-	(10,541)	(10,541)
Pensions interest costs and expected rate of return	-	294	294	-	(120)	(120)
(Surplus) / Deficit for Year on HRA Services	-	204	204	-	2,236	2,236



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 5,759 dwellings and 1,075 shops and garages in 2023-24 comprising of:

	Stock at 1 April 2023	Additions	Transfers	Sales / Demolitions / Reconfigurations	Stock at 31 March 2024
Houses / Bungalows	4,424	35	-	-	4,459
Bedsits and Flats	1,293	48	-	-	1,341
Shops and Garages	1,075	-	-	-	1,075
Pumping Stations & Treatment Works	27	-	-	-	27
Total Stock	6,819	83	-	-	6,902

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 [15 December 2022](#) and collected over 48 weeks, with effect from 5th April 2023.

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 £98.77. Individual rent increases applied varied between £3.93 and £11.95 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 2022-23 which are a sliding scale of inflation plus transitional variable increases of up to 2.5% per week (52 weeks) and £94.54 respectively.

Tenants & Former Tenants	2022-23 £000	2023-24 £000
Gross Arrears	4,366	3,862
Bad Debt Provision	(2,921)	(3,158)
Net Arrears at 31 March	1,445	704

13.3.3 SERVICES CHARGES

Welsh Government require Service Charges to be de-pooled from rents. During 2023-24 tenants were charged for all services received with the exception of Grounds maintenance services. Individual tenants were charged between £0.34 and £64.39 per week. 1,106 PCC tenants were charged for services with the average weekly charge being £7.52 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 2023-24 there was no HRA Land purchased. The HRA did purchase 83 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 2023	274,572	18,354	1,683	294,609	666
Opening Balance Adjustment	-	-	(1,683)	(1,683)	-
At 1st April 2023	274,572	18,354	-	292,926	666
Additions	16,522	3,492	2,859	22,873	144
Derecognition - other	(10,165)	(1,024)	-	(11,180)	-
Revaluation Acc Dep & Imp w/o to GCA	(55)	-	-	(55)	-
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,088)	-	-	(5,088)	-
Reclassifications - PPE & Investment	7,829	(7,829)	-	-	-
At 31st March 2024	283,624	12,993	2,859	299,476	810
Depreciation & Impairments					
Depreciation	(4,320)	(491)	(298)	(5,109)	-
Impairment	(905)	(240)	-	(1,145)	(418)
At 31 March 2023	(5,225)	(731)	(298)	(6,254)	(418)
Opening Balance Adjustment	-	-	298	298	-
At 1st April 2023	(5,225)	(731)	-	(5,956)	(418)
Depreciation Charge for 2023-24	(4,863)	(246)	(336)	(5,445)	-
Revaluations:					
~ Revaluation Acc Dep w/o to GCA	47	-	-	47	-
At 31st March 2024	(10,041)	(977)	(336)	(11,354)	(418)
Infrastructure NBV Bfwd*	-	-	12,019	12,020	-
Balance Sheet Amount at 31st March 2024	273,583	12,016	14,542	300,141	392
Balance Sheet Amount at 1st April 2023	269,347	17,623	12,019	298,989	248

* 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:	2022-23 £000	2023-24 £000
Major Repairs Allowance Grant	3,997	4,000
Capital Grants & Contributions	3,301	6,859
Capital Receipts	-	-
Capital Fund	10,024	12,164
Total	17,322	23,023
Receipts From Asset Disposals	(16)	-

13.3.6 HRA PENSION COSTS

HRA pension contributions of £0.108m 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 2022-23 (restated) and £5.7m in 2023-24. Included within the 2023-24 balance is £1.4m in relation to Direct Payments (2022-23 £0.9m) which refers to accumulated funds held on behalf of the recipients' accounts that are directly controlled by the Council.

