

# Statement of Accounts 2023/24



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## Introduction



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

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

Approximately 241,300 people live within the boundaries of the Council of which:

- 41,200 are aged under 16
- 46,900 are of pensionable age (aged 66 and over)
- 13,700 are aged 80 years and over



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

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

Copies of these accounts can be obtained from:

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

## Narrative Report

### Services

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

<b>Corporate Services</b>	<b>Finance</b>
Corporate Management Team Support	Financial Strategy
Corporate Communications and Marketing	Accountancy Services
Design Print Unit	Internal Audit
Corporate Customer Services Unit	Housing Benefits
Overview & Scrutiny function	Council Tax
Democracy, Member and Mayoral Services	Business Rates
Web Development	Procurement & Commercial activities
Performance & Delivery function	
Legal Services	
Coroners Service	
Human Resources & Organisational Development	
Emergency Management Services Unit	
Digital Services & Transformation	
<b>Social Services</b>	<b>Education</b>
Child Protection and Family Support	Primary, Secondary and Special Schools
Support to enable vulnerable people to live independently	Education Improvement
Long-term and short-term residential care	School Meals
Poverty and Prevention	School Transport
Community Safety	Special Education Needs
Early Intervention	Education Planning and Resources
Partnership, Performance & Commissioning	
Tackling poverty	
Lifelong learning and young peoples' services	
<b>Place</b>	<b>Housing Revenue Account (HRA)</b>
Waste Management	Landlord Services
Refuse Collection & Recycling	Strategic Housing
Street Cleaning	
Highways	
Street Lighting	
Land Drainage & Coast Protection	
Road Safety	
Car Parks	
Sewerage Services	
Property and Building Services	
Culture, Sport, Leisure and Tourism	
Planning and City Regeneration	
Public Protection and Housing Services	
Bereavement Services	

## *Narrative Report*

### **Democracy**

The Council had 75 elected councillors for 2023/24 (72 rising to 75 during 2022/23) from a range of political groups who are the Council's decision makers, agreeing policies and spending priorities. Each councillor is elected to represent a specific area (electoral ward). They will act on behalf of that community making decisions about local services, budgets and the overall level of council services.

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

The role of Cabinet is to:

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

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

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

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

The Corporate Management Team are responsible for:

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

### **Corporate Plan**

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

A new Corporate Plan and updated Well-being Objectives was published for 2023 - 2028.

## Narrative Report

The Council has prioritised six Well-being Objectives.

These are:

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

The 'Tackling Poverty and Enabling Communities' objective was amended to add 'enabling communities' so as to recognise a strengths-based approach where the strengths of individuals, communities and networks can be capitalised upon to help tackle poverty. The 'Transformation and Financial Resilience' objective was renamed to reflect how the Council will need to change to become sustainable and better able to weather global events, leading to increased demand and rising prices at a time when resources are being reduced.

### Corporate Risks

The annual review of Corporate Risks took place as part of Service Planning and the outcome was reviewed by Corporate Management Team (CMT) on 19th June 2024. The Council's Corporate Risks are aligned to the Council's Well-being Objectives. They are those risks that, should they come into effect, would have an impact on the whole of the Council and would have a detrimental impact on the ability of the Council to achieve its priorities and objectives. An Annual Risk Assurance workshop took place with the Council's regulators on 22nd February 2024 where they shared their respective assurances and risks that they perceive around the Council. The Council reviewed its Risk Management Policy and Framework in 2024, which was approved at Cabinet on 18th April 2024. The Council's Corporate Risks will be further reviewed at CMT each quarter and during 2024/25 as part of the implementation of the new framework.

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

- Education Offer.
- Safeguarding.
- Financial Control - Budgetary Control, Annual Budget and MTFP Delivery.
- Cyber, data and digital security.
- Emergency Planning, Resilience and Business Continuity.
- Health & Safety.
- Delivering the Regeneration Programme.
- Impact of Poverty.
- Homelessness and Housing Supply.

## *Narrative Report*

- Workforce recruitment and retention.
- Mandatory training.
- Social Cohesion.
- Net Zero 2030 target.
- Successful and Sustainable Swansea Corporate Transformation Plan.
- Freedom of Information and Subject Access Requests
- CTU Fleet Management System
- Connecting Care
- Oracle Interfaces
- Development of New Waste Strategy - Transformation Programme
- Successful Delivery of the Payroll Function

CMT continue to receive monthly reports on compliance to the Councils Risk Management Framework. The Governance and Audit Committee has continued to receive a quarterly report and overview on the overall status of risk in the Council during 2023/24. This report coincides each quarter with Directors attending the committee on a rotational basis to present on their internal control environment, including risk management.

Internal Audit continue to review the Council's Risk Management arrangements each year in order to provide assurance to the Governance and Audit Committee. The Finance directorate risk management arrangements, with a particular focus on control measures, were reviewed during 2023/24. A 'High' assurance rating was awarded by the review.

### **Corporate Performance**

This Council reports performance results each quarter and annually, delivering the Council's Well-being Objectives that are described in the Corporate Plan. A new integrated performance report was introduced in 2023/24, which brings together progress meeting the steps in the corporate plan, the success measures, performance data and the corporate risks, with an overall evaluation provided by the Chief Executive, which builds upon assessments for each well-being objective provided by lead directors and heads of service. The outturn for 2023/24 was reported in July 2024, which showed that progress and the majority of measures were on track. A fuller self-assessment of performance is now required under Part 6 of the Local Government & Elections Act 2021. A self-assessment of performance during 2022/23 was published in November 2023 after a wider consultation, scrutiny process and governance and audit review. This assessment concluded that the Council made strong progress meeting its performance duty when working towards meeting its well-being objectives with strong prospects for improvement, except in meeting its Safeguarding and Transformation & Future Council objectives where there were mixed prospects for improvement.



## Narrative Report

### Financial Performance

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

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

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

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

### Authority services

The net directorate expenditure for 2023/24 was £522.789m against a revised budget of £528.717m. The revenue outturn position of the Authority for 2023/24 resulted in a decrease in expenditure on services of £5.928m compared to adjusted budget. That adjusted budget did, however, also include very substantial planned one off uses of reserves, which have now predominantly been able to be deferred for a year, which does therefore quite materially overstate the apparent performance achieved in the very short term. In addition, the revenue outturn position reflects a further £1.652m of one off expenditure on an invest to save basis, that was partly met from the Authority's contingency and restructuring funds primarily to fund early retirement and voluntary redundancy costs as the Authority seeks to reduce its underlying operating costs and adjust to potential future grant levels. Treasury management performance was exceptional (see next page). Consequently the draw from reserves in 2023/24 in isolation was materially lower than expected (by nearly £28m), but nonetheless the Authority did still need to draw from its reserves (over £7m) and separately from schools (over £3m).

## *Narrative Report*

The underlying spend on Services reflects forecast and known pressures, across all directorates, but especially within Social Services, Place, Education and Schools budgets, which have been partly reflected in 2024/25 budget proposals.

The 2023/24 budget proposals continued to be overtaken to some extent by behavioural changes given the past Covid-19 pandemic. Some savings plans were put on hold temporarily, there has been a spate of very high inflation in 2023/24 which was unfunded, changes to demand patterns and a seeming return of "bottled up" demand pressures, and service income was lower than forecast across many Council functions. For 2023/24 this has again been partly recompensed by some Welsh Government support. Continuation of any support into 2024/25 is now very limited and constrained by overall public funding envelopes. The 2024/25 budgets face significant embedded pay and price inflationary pressures well above budgeted "normal" sums given elevated past inflation is now in those base spending pressures, even though headline inflation rates, as measured and reported, have now fallen materially. The Council has prudently rolled forward service underspending to further pump prime recovery and preventative activity for 2024/25. The longer term financial outlook remains incredibly uncertain for the Council especially given those lingering embedded inflationary pressures, the absence of longer term UK and Welsh Government spending plans and a consensus view that public finances will be very constrained for non prioritised and unprotected areas (i.e. outside of health, schools and defence).

### **Other budget variations**

Other budget savings during the year arose from reductions in capital repayments and net interest charges (£16.770m). High variable interest rates on investment cash balances have exceptionally boosted performance temporarily. The MRP (Minimum Revenue Provision) Policy was reviewed in 2018/19 and Council approved a change in MRP Policy which helped lower capital repayment charges in the short to medium-term. In line with the Council's agreed reserve policy, the whole capital financing underspend has been transferred to a capital equalisation reserve.

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

## *Narrative Report*

### **Housing Revenue Account**

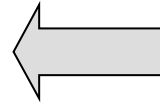
The Housing Revenue Account of the Authority is a ring fenced account dealing exclusively with income and expenditure arising from the Authority's housing stock. For 2023/24 there was a net increase in HRA reserves at year end of £5.890m (2022/23 net increase £5.169m). Total income for the year was £79.099m, which funded revenue expenditure of £44.593m. In addition, this was also used to fund capital charges (£10.140m) and contributed £18.476m towards the capital programme. In total, £37.856m (2022/23 £40.169m) Capital was spent on HRA properties and a breakdown of both Revenue and Capital income and expenditure can be found on pages 147 to 150.

Details of the annual Revenue, HRA and Capital outturn reports can be found on the agenda of the Council's Cabinet for the meeting on 18th July 2024.

## Narrative Report

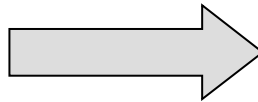
### Revenue spending in 2023/24

	£'m	%
Revenue support grant	339.3	33
Non domestic rates	79.0	7
Council tax	151.5	15
Other income (rents, fees and charges, specific grants)	465.6	45
	<b>1,035.4</b>	<b>100</b>



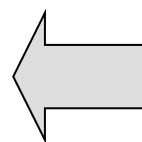
*Where our money comes from*

*What we spend it on*



	£'m	%
Employees	433.9	42
Capital charges	25.1	2
Running costs	528.4	51
Precepts/Levies	48.9	5
Reserve transfers	-0.9	0
	<b>1,035.4</b>	<b>100</b>

	£'m	%
Corporate Services	29.5	3
Finance	74.3	7
Social Services	251.3	24
Education	323.4	31
Place	250.0	24
Housing Revenue Account (HRA)	72.1	7
Reserve transfers	-0.9	0
Other	35.7	4
	<b>1,035.4</b>	<b>100</b>



*And the services it provides*

The reserve transfers of -£0.9m are the revenue reserve transfers in 2023/24 which include the General Fund, Housing Revenue Account and Earmarked Reserves.

### Financial Statements

The main elements of this Statement of Accounts comprise:-

- \* The Expenditure and Funding Analysis, which shows how annual expenditure is used and funded from resources by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.
- \* The Comprehensive Income and Expenditure Statement, which shows the income from, and spending on, Authority services for the year. It also shows how much money we get from the Welsh Government, business ratepayers and Council taxpayers together with the net deficit/surplus for the year.
- \* The Movement in Reserves Statement, which shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- \* The Balance Sheet, showing a snapshot of the Authority's financial position at the 31st March 2024.
- \* The Cash Flow Statement, which shows transactions for the year on a cash basis rather than on an accruals basis.
- \* The notes to the accounts, incorporating the main accounting policies, which show the basis on which we have prepared the accounts and the accounting principles the Authority has adopted. The notes also offer further analysis of items appearing in the main financial statements.
- \* The Housing Revenue Account (HRA) Income and Expenditure Statement, which shows income from, and spending on, Council housing for the year. This account is stated separately as required by statute although the overall results are incorporated into the Authority's Comprehensive Income and Expenditure Statement.
- \* The Group Accounts, which show the consolidated accounts of the Authority and its group companies.
- \* The Certificate and Statement of Responsibilities of the Chief Finance Officer who is the responsible officer for the production of the statement.
- \* The Annual Governance Statement, which gives an indication of the arrangements for and effectiveness of internal control procedures within the Authority.
- \* The auditor's opinion and certificate relating to the Statement of Accounts.

## Narrative Report

### Capital spending in 2023/24

	£'000
External borrowing	34,012
Government grants	52,586
Other grants/contributions	4,966
Capital receipts	5,312
Revenue and reserves	31,413
Spend to be financed in 2024/25	4,830
	<b>133,119</b>

*Where our money comes from*

*What services we spend it on*

	£'000
Corporate Services	384
Finance	0
Place Services	125,128
Education	6,478
Social Services	1,129
	<b>133,119</b>

*Some of the assets it provided*

	£'000		£'000
<b>Education</b>		<b>Housing (General Fund)</b>	
Free School Meals Infrastructure	3,066	Housing Disabled Facilities Grants	4,865
Olchfa Comprehensive 3G Pitch	1,251	<b>Highways and Transportation</b>	
<b>Place Services: Housing (HRA)</b>		Carriageways & Footways	5,969
HRA More Homes programme	5,875	Local Transport Fund	5,027
Kitchens & Bathrooms CBS - Voids	2,078	Active Travel schemes	4,471
HRA Wind & Weatherproofing (includes High-rise flats)	9,319	Vehicle replacements	579
Internal Adaptation	2,586	<b>Other Services</b>	
<b>Economic Development</b>		Cefn Hengoed Community Hub	3,089
Kingsway Offices & Infrastructure	18,813	Essential Playground Works	1,075
Palace Theatre	6,336	<b>Corporate Services</b>	
Community Hub Development (previously BHS)	4,416	Data Centre Relocation	281

### **Provisions and Reserves**

The Authority maintains a number of provisions and reserves. Provisions are disclosed in Note 21 on pages 95 and 96. The information regarding reserves are disclosed in the Movement in Reserves Statement on pages 25 to 29 and Note 10 on page 74.

Provisions are amounts included in the accounts as liabilities where there has been a past event which is likely to result in a financial liability but where there is uncertainty over timing and the precise value of the liability that has been incurred. It is therefore the Authority's best estimate of the financial liability as at 31st March 2024.

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

At the end of the year, the Authority's revenue reserve balances amounted to £173.866m (2022/23 £174.729m).

### **International Accounting Standard 19 Employee Benefits (IAS 19)**

The Accounts comply with the requirements of the above standard in that they reflect in the revenue accounts the current year cost of pension provision to employees as advised by the Authority's actuary. The Statements also contain, within the Balance Sheet, the actuary's assessment of the Authority's share of the Pension Fund liability as at 31st March 2024 and the reserve needed to fund that liability.

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

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2023/24 relates to the valuation undertaken on 31st March 2022.

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

## Narrative Report

The Pension Fund Deficit at 31st March 2024 is £69.993m (31st March 2023 £76.193m).

### Group Accounts

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

### Changes in the form and content of the Statement

The Statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The code is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

Revenue from contracts with service recipients is recognised in line with the five-step model outlined in IFRS 15 - Revenue from Contracts with Customers. To help users of the accounts understand more about the income received an additional table has been included in Note 7b Segmental Income to provide a breakdown of service recipient income across directorates of the Council.

During 2023/24 the Council has streamlined the presentation of the Revaluation Reserve, Plant and Equipment note and the Fair Value Hierarchy note in line with a newly implemented CIPFA asset management accounting system and in continued accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Also, in keeping with the above, the 2022/23 figures within these notes have been restated to reflect the changes.

The Revaluation Reserve has also been restated in 2022/23 to adjust the movement between upward and downward revaluations by £14.274m relating to prior period adjustments made in 2023/23 - the balance as at 31st March 2023 has not changed.

The Property, Plant and Equipment note in 2022/23 has also been restated to correct an error of £27.274m in relation to the classification within the note of Accumulated Impairment written off to gross carrying amount. There was no impact on the Net Book Value as at 31st March 2023.

The 2023/24 Opening Balance figure in the Capital Expenditure and Capital Financing note has been restated to correct a prior period Revenue Expenditure Funded from Capital under Statute adjustment error of £17k.



### **Financial outlook for the Authority.**

On the 6th March 2024 the Authority approved a medium term financial plan which highlighted potential revenue shortfalls (savings required even after assuming future 5% council tax increases) rising from £24.9m in 2024/25 to a further £30.9m by 2027/28 reflecting expected modest future cash increases to cash settlements and a planning assumption of 3-7% rises needed in council tax in all future years of the medium term plan. Net nominal cash investment was forecast in all scenarios but after growth and especially inflation is taken into account unless grant rises faster than assumed, real term cuts are still likely to persist. If grant rises were maintained at recent trajectories there would be likely additional nominal terms funding to invest in services but a real term benefit will only be felt if prolonged and heightened inflation levels and interest rates rapidly diminish.

That report also contained a range of potential future savings options including continued focus on a range of reviews linked to the "Successful and Sustainable Corporate Transformation Plan" as the pace and scale of transformative change needed to fit to forecast reducing real terms resources levels continues.

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

Whilst overall levels of total funding available for 2024/25 have been announced, current indications are that continued medium term reduction in real terms funding is very likely when heightened price, pay and demand pressures are factored in. If the additional cash funding increases for 2024/25 are replicated, then there will be nominal investment and nominal service enhancement choices to be made. The value of that in real terms will likely be rather more moot in all scenarios given prolonged high inflation and rapid rises in interest rates. If, as widely predicted, local government is not "a protected area" by future UK government settlements, the real terms cuts required will be significantly greater. The Authority continues undertaking work to plan for all scenarios.

## *Narrative Report*

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

Intrinsically linked to part of this regionalisation agenda is the shared vision between four councils (including Swansea), the Welsh Government, the UK Government and other public sector partners (NHS, University sectors) as well as the private sector in delivering the £1.3bn Swansea Bay City Region deal. Overall funding obligations for the Council and delivery expectations continue to be managed as the individual City Deal projects develop.

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

The UK left the European Union on 31st January 2020 and entered into an eleven month long transition period, which ended on 31st December 2020 with a trade deal between the UK and EU.

The full longer term impact of the UK exit from the EU is still to be fully seen.

### **Further information**

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

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

I hereby certify that the statement of accounts on pages 20 to 150 presents a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2024.

Ben Smith  
Director of Finance & Section 151 Officer



9.8.24

### **The Authority's Responsibilities**

The Authority is required to:

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

### **The Director of Finance & Section 151 Officer's Responsibilities**

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

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

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

The Director of Finance & Section 151 Officer has also:

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

### **Date of Authorisation for Issue**

The 2023/24 Statement of Accounts was authorised for issue on xx xxxxxxxx 2025 by Ben Smith, Director of Finance & Section 151 Officer of the Council. This is the date up to which events after the Balance Sheet date have been considered.

The 2023/24 Statement of Accounts was formally approved by Council on xx xxxxxxxx 2025.

Jan Curtice  
Chairwoman

## Expenditure and Funding Analysis

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

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments (Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
24,782	5,470	30,252	Corporate Services	24,386	2,760	27,146
52,981	-23,027	29,954	Finance	33,330	-24,392	8,938
144,342	12,054	156,396	Social Services	162,140	636	162,776
207,916	37,983	245,899	Education	221,725	22,923	244,648
68,530	53,656	122,186	Place	72,679	29,091	101,770
-37,851	37,447	-404	Housing Revenue Account (HRA)	-36,799	30,545	-6,254
<b>460,700</b>	<b>123,583</b>	<b>584,283</b>	<b>Net Cost of Services</b>	<b>477,461</b>	<b>61,563</b>	<b>539,024</b>
-443,495	-67,165	-510,660	Other Income and Expenditure	-476,598	-79,941	-556,539
<b>17,205</b>	<b>56,418</b>	<b>73,623</b>	<b>Surplus(-) or Deficit on Provision of Services</b>	<b>863</b>	<b>-18,378</b>	<b>-17,515</b>

## *Expenditure and Funding Analysis*

General Fund and HRA				General Fund and HRA		
-191,934			Opening Balance as at 1 April	-174,729		
17,205			Surplus(-) or Deficit	863		
<b>-174,729</b>			<b>Closing Balance as at 31 March *</b>	<b>-173,866</b>		

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

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23				Note	2023/24		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000	
35,000	-4,748	30,252	Corporate Services		29,505	-2,359	27,146
92,505	-62,551	29,954	Finance		74,282	-65,344	8,938
238,871	-82,475	156,396	Social Services		251,343	-88,567	162,776
317,025	-71,126	245,899	Education		323,360	-78,712	244,648
244,734	-122,548	122,186	Place		250,013	-148,243	101,770
72,616	-73,020	-404	Housing Revenue Account (HRA)		72,058	-78,312	-6,254
<b>1,000,751</b>	<b>-416,468</b>	<b>584,283</b>	<b>Cost of Services</b>		<b>1,000,561</b>	<b>-461,537</b>	<b>539,024</b>
46,683	0	46,683	Other operating expenditure	11	57,268	0	57,268
88,063	-56,652	31,411	Financing and investment income and expenditure	12	111,600	-98,760	12,840
0	-588,754	-588,754	Taxation and non-specific grant income	13	0	-626,647	-626,647
		73,623	<b>Surplus(-)/Deficit on Provision of Services</b>				-17,515
		31,936	Surplus(-)/Deficit on revaluation of Property, Plant and Equipment assets	22			-18,440
		-688,520	Remeasurement of the net defined benefit liability/asset(-)	22			-1,120
		-656,584	<b>Other Comprehensive Income and Expenditure</b>				-19,560
		-582,961	<b>Total Comprehensive Income(-) and Expenditure</b>				-37,075

## Group Income and Expenditure Statement

2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
35,000	-4,748	<b>30,252</b>	Corporate Services	29,505	-2,359	<b>27,146</b>
92,505	-62,551	<b>29,954</b>	Finance	74,282	-65,344	<b>8,938</b>
238,871	-82,475	<b>156,396</b>	Social Services	251,343	-88,567	<b>162,776</b>
317,025	-71,126	<b>245,899</b>	Education	323,360	-78,712	<b>244,648</b>
244,734	-122,548	<b>122,186</b>	Place	250,013	-148,243	<b>101,770</b>
72,616	-73,020	<b>-404</b>	Housing Revenue Account (HRA)	72,058	-78,312	<b>-6,254</b>
<b>1,000,751</b>	<b>-416,468</b>	<b>584,283</b>	<b>Cost of Services</b>	<b>1,000,561</b>	<b>-461,537</b>	<b>539,024</b>
46,683	0	<b>46,683</b>	Other operating expenditure	57,268	0	<b>57,268</b>
88,063	-56,652	<b>31,411</b>	Financing and investment income and expenditure	111,600	-98,760	<b>12,840</b>
0	-588,754	<b>-588,754</b>	Taxation and non-specific grant income	0	-626,647	<b>-626,647</b>
		<b>73,623</b>	<b>Surplus(-) or Deficit on Provision of Services</b>			<b>-17,515</b>
		<b>427</b>	Share of the surplus(-) or deficit on the provision of services by associates and joint ventures			<b>427</b>
		<b>74,050</b>	<b>Group Surplus(-) or Deficit</b>			<b>-17,088</b>
		<b>31,661</b>	Surplus(-) or deficit on revaluation of Property, Plant and Equipment assets			<b>-16,622</b>

## Group Income and Expenditure Statement

2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		-688,520	Remeasurement of the net defined benefit liability/asset(-)			-1,120
		-656,859	Other Comprehensive Income and Expenditure			-17,742
		-582,809	Total Comprehensive Income(-) and Expenditure			-34,830



## *Movement in Reserves Statement*

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

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

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

## Movement in Reserves Statement

2023/24	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2023 carried forward</b>		<b>10,000</b>	<b>154,321</b>	<b>10,408</b>	<b>8,720</b>	<b>22,187</b>	<b>205,636</b>	<b>1,148,823</b>	<b>1,354,459</b>
<b><u>Movement in reserves during 2023/24</u></b>									
Surplus/Deficit (-) on the provision of services		1,175	0	16,340	0	0	17,515	0	17,515
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	19,560	19,560
<b>Total Comprehensive Income and Expenditure</b>		<b>1,175</b>	<b>0</b>	<b>16,340</b>	<b>0</b>	<b>0</b>	<b>17,515</b>	<b>19,560</b>	<b>37,075</b>
Adjustments between accounting basis & funding basis under regulations	8	-7,928	0	-10,450	-2,985	11,623	-9,740	9,740	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-6,753</b>	<b>0</b>	<b>5,890</b>	<b>-2,985</b>	<b>11,623</b>	<b>7,775</b>	<b>29,300</b>	<b>37,075</b>
Transfers from(-)/to Earmarked Reserves	10	8,753	-8,753	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2023/24</b>		<b>2,000</b>	<b>-8,753</b>	<b>5,890</b>	<b>-2,985</b>	<b>11,623</b>	<b>7,775</b>	<b>29,300</b>	<b>37,075</b>
<b>Balance at 31 March 2024 carried forward</b>		<b>12,000</b>	<b>145,568</b>	<b>16,298</b>	<b>5,735</b>	<b>33,810</b>	<b>213,411</b>	<b>1,178,123</b>	<b>1,391,534</b>

## Movement in Reserves Statement

	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>2022/23</b>									
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>
<b><u>Movement in reserves during 2022/23</u></b>									
Surplus/Deficit (-) on the provision of services		-84,082	0	10,459	0	0	-73,623	0	-73,623
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	656,584	656,584
<b>Total Comprehensive Income and Expenditure</b>		<b>-84,082</b>	<b>0</b>	<b>10,459</b>	<b>0</b>	<b>0</b>	<b>-73,623</b>	<b>656,584</b>	<b>582,961</b>
Adjustments between accounting basis & funding basis under regulations	8	61,708	0	-5,290	3,123	-8,240	51,301	-51,301	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-22,374</b>	<b>0</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-22,322</b>	<b>605,283</b>	<b>582,961</b>
Transfers from(-)/to Earmarked Reserves	10	22,374	-22,374	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2022/23</b>		<b>0</b>	<b>-22,374</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-22,322</b>	<b>605,283</b>	<b>582,961</b>
<b>Balance at 31 March 2023 carried forward</b>		<b>10,000</b>	<b>154,321</b>	<b>10,408</b>	<b>8,720</b>	<b>22,187</b>	<b>205,636</b>	<b>1,148,823</b>	<b>1,354,459</b>

## Group Movement in Reserves Statement

2023/24	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
<b>Balance at 31 March 2023 carried forward</b>		10,000	154,321	10,408	8,720	22,187	205,636	1,148,823	1,354,459	23,073	1,377,532
<b><u>Movement in reserves during 2023/24</u></b>											
Surplus/Deficit (-) on the provision of services		1,175	0	16,340	0	0	17,515	0	17,515	-427	17,088
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	19,560	19,560	-1,818	17,742
<b>Total Comprehensive Income and Expenditure</b>		<b>1,175</b>	<b>0</b>	<b>16,340</b>	<b>0</b>	<b>0</b>	<b>17,515</b>	<b>19,560</b>	<b>37,075</b>	<b>-2,245</b>	<b>34,830</b>
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	-7,928	0	-10,450	-2,985	11,623	-9,740	9,740	0	0	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-6,753</b>	<b>0</b>	<b>5,890</b>	<b>-2,985</b>	<b>11,623</b>	<b>7,775</b>	<b>29,300</b>	<b>37,075</b>	<b>-2,245</b>	<b>34,830</b>
Transfers from(-)/to Earmarked Reserves	10	8,753	-8,753	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2023/24</b>		<b>2,000</b>	<b>-8,753</b>	<b>5,890</b>	<b>-2,985</b>	<b>11,623</b>	<b>7,775</b>	<b>29,300</b>	<b>37,075</b>	<b>-2,245</b>	<b>34,830</b>
<b>Balance at 31 March 2024 carried forward</b>		<b>12,000</b>	<b>145,568</b>	<b>16,298</b>	<b>5,735</b>	<b>33,810</b>	<b>213,411</b>	<b>1,178,123</b>	<b>1,391,534</b>	<b>20,828</b>	<b>1,412,362</b>

## Group Movement in Reserves Statement

2022/23	Note	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiaries, Associates and Joint Ventures £'000	Total Group Reserves £'000
<b>Balance at 31 March 2022 carried forward</b>		<b>10,000</b>	<b>176,695</b>	<b>5,239</b>	<b>5,597</b>	<b>30,427</b>	<b>227,958</b>	<b>543,540</b>	<b>771,498</b>	<b>23,225</b>	<b>794,723</b>
<b><u>Movement in reserves during 2022/23</u></b>											
Surplus/Deficit (-) on the provision of services		-84,082	0	10,459	0	0	-73,623	0	-73,623	-427	-74,050
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	656,584	656,584	275	656,859
<b>Total Comprehensive Income and Expenditure</b>		<b>-84,082</b>	<b>0</b>	<b>10,459</b>	<b>0</b>	<b>0</b>	<b>-73,623</b>	<b>656,584</b>	<b>582,961</b>	<b>-152</b>	<b>582,809</b>
Adjustments between group accounts & authority accounts		0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	8	61,708	0	-5,290	3,123	-8,240	51,301	-51,301	0	0	0
<b>Net Increase/Decrease(-) before Transfers to Earmarked Reserves</b>		<b>-22,374</b>	<b>0</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-22,322</b>	<b>605,283</b>	<b>582,961</b>	<b>-152</b>	<b>582,809</b>
Transfers from(-)/to Earmarked Reserves	10	22,374	-22,374	0	0	0	0	0	0	0	0
<b>Increase/Decrease(-) in 2022/23</b>		<b>0</b>	<b>-22,374</b>	<b>5,169</b>	<b>3,123</b>	<b>-8,240</b>	<b>-22,322</b>	<b>605,283</b>	<b>582,961</b>	<b>-152</b>	<b>582,809</b>
<b>Balance at 31 March 2023 carried forward</b>		<b>10,000</b>	<b>154,321</b>	<b>10,408</b>	<b>8,720</b>	<b>22,187</b>	<b>205,636</b>	<b>1,148,823</b>	<b>1,354,459</b>	<b>23,073</b>	<b>1,377,532</b>

## Balance Sheet

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

31 March 2023 £'000		Note	31 March 2024 £'000
541,241	Council Dwellings	14	556,225
789,761	Other Land and Buildings	14	779,346
21,057	Vehicles, Plant, Furniture and Equipment	14	18,821
271,143	Infrastructure Assets	14	276,043
11,547	Community Assets	14	11,144
77,452	Surplus Assets	14	78,354
69,403	Assets under Construction	14	99,144
<b>1,781,604</b>	<b>Property, Plant &amp; Equipment</b>		<b>1,819,077</b>
32,260	Heritage Assets	15	32,922
57,019	Investment Properties	16	59,668
1,062	Intangible Assets		769
99	Long Term Investments	17	94
14,644	Long Term Debtors	17	19,725
<b>1,886,688</b>	<b>Long Term Assets</b>		<b>1,932,255</b>
172,679	Short Term Investments	17	135,338
0	Assets Held for Sale		0
3,478	Inventories		3,260
125,221	Short Term Debtors	18	131,212
69,072	Cash and Cash Equivalents	19	72,201
<b>370,450</b>	<b>Current Assets</b>		<b>342,011</b>
-9,026	Short Term Borrowing	17	-13,980
-94,154	Short Term Creditors	20	-99,597
-2,906	Provisions	21	-1,779
0	Capital Grants Receipts in Advance		0
<b>-106,086</b>	<b>Current Liabilities</b>		<b>-115,356</b>

## Balance Sheet

31 March 2023 £'000		Note	31 March 2024 £'000
-2,548	Long Term Creditors	17	-2,049
-24,305	Provisions	21	-24,036
-693,547	Long Term Borrowing	17	-671,298
-76,193	Other Long Term Liabilities	35	-69,993
<b>-796,593</b>	<b>Long Term Liabilities</b>		<b>-767,376</b>
<b>1,354,459</b>	<b>NET ASSETS</b>		<b>1,391,534</b>
	Financed by:		
10,000	Balances - General Fund		12,000
10,408	Balances - Housing Revenue Account	10	16,298
8,720	Capital Receipts Reserve		5,735
22,187	Capital Grants Unapplied Account		33,810
154,321	Earmarked Reserves	10	145,568
<b>205,636</b>	<b>Usable Reserves</b>		<b>213,411</b>
321,149	Revaluation Reserve	22	324,552
-76,193	Pensions Reserve	22	-69,993
921,628	Capital Adjustment Account	22	939,415
-2,255	Financial Instrument Adjustment Account		-2,036
-15,506	Accumulated Absences Account	22	-13,815
<b>1,148,823</b>	<b>Unusable Reserves</b>		<b>1,178,123</b>
<b>1,354,459</b>	<b>TOTAL RESERVES</b>		<b>1,391,534</b>

## Group Balance Sheet

31 March 2023 £'000		Note	31 March 2024 £'000
541,241	Council Dwellings	14	556,225
789,761	Other Land and Buildings	14	779,346
21,057	Vehicles, Plant, Furniture and Equipment	14	18,821
271,143	Infrastructure Assets	14	276,043
11,547	Community Assets	14	11,144
77,452	Surplus Assets	14	78,354
69,403	Assets under Construction	14	99,144
<b>1,781,604</b>	<b>Property, Plant &amp; Equipment</b>		<b>1,819,077</b>
32,260	Heritage Assets	15	32,922
57,019	Investment Properties	16	59,668
1,062	Intangible Assets		769
99	Long Term Investments	17	94
23,073	Investments in Associates and Joint Ventures		20,828
14,644	Long Term Debtors	17	19,725
<b>1,909,761</b>	<b>Long Term Assets</b>		<b>1,953,083</b>
172,679	Short Term Investments	17	135,338
0	Assets Held for Sale		0
3,478	Inventories		3,260
125,221	Short Term Debtors	18	131,212
69,072	Cash and Cash Equivalents	19	72,201
<b>370,450</b>	<b>Current Assets</b>		<b>342,011</b>
-9,026	Short Term Borrowing	17	-13,980
-94,154	Short Term Creditors	20	-99,597
-2,906	Provisions	21	-1,779
0	Capital Grants Receipts in Advance		0
<b>-106,086</b>	<b>Current Liabilities</b>		<b>-115,356</b>
-2,548	Long Term Creditors	17	-2,049
-24,305	Provisions	21	-24,036
-693,547	Long Term Borrowing	17	-671,298
-76,193	Other Long Term Liabilities	35	-69,993
<b>-796,593</b>	<b>Long Term Liabilities</b>		<b>-767,376</b>
<b>1,377,532</b>	<b>NET ASSETS</b>		<b>1,412,362</b>



## Group Balance Sheet

31 March 2023 £'000		Note	31 March 2024 £'000
	<b>Financed by:</b>		
20,106	Balances - General Fund		21,680
10,408	Balances - Housing Revenue Account	10	16,298
8,720	Capital Receipts Reserve		5,735
22,187	Capital Grants Unapplied Account		33,810
154,321	Earmarked Reserves	10	145,568
<b>215,742</b>	<b>Usable Reserves</b>		<b>223,091</b>
334,116	Revaluation Reserve	22	335,700
-76,193	Pensions Reserve	22	-69,993
921,628	Capital Adjustment Account	22	939,415
-2,255	Financial Instrument Adjustment Account		-2,036
-15,506	Accumulated Absences Account	22	-13,815
<b>1,161,790</b>	<b>Unusable Reserves</b>		<b>1,189,271</b>
<b>1,377,532</b>	<b>TOTAL RESERVES</b>		<b>1,412,362</b>

## Cash Flow Statement

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

2022/23 £'000		Note	2023/24 £'000
-73,623	Net surplus or deficit(-) on the provision of services		17,515
157,159	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	86,882
-61,060	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-69,273
<b>22,476</b>	<b>Net cash flows from operating activities</b>		<b>35,124</b>
-113,374	Purchase of property, plant and equipment, investment property and intangible assets		-123,732
-1,938,010	Purchase of short-term and long-term investments		-1,826,990
10,213	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		2,021
1,956,866	Proceeds from short-term and long-term investments		1,864,545
61,060	Other receipts from investing activities		69,273
<b>-23,245</b>	<b>Net cash flows from investing activities</b>		<b>-14,883</b>
14,064	Cash receipts of short-term and long-term borrowing		17,604
-9,903	Repayments of short-term and long-term borrowing		-34,716
<b>4,161</b>	<b>Net cash flows from financing activities</b>	<b>24</b>	<b>-17,112</b>
<b>3,392</b>	<b>Net decrease(-) or increase in cash and cash equivalents</b>		<b>3,129</b>
65,680	Cash and cash equivalents at the beginning of the reporting period		69,072
<b>69,072</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19</b>	<b>72,201</b>

## Group Cash Flow Statement

2022/23 £'000		Note	2023/24 £'000
-73,623	Net surplus or deficit(-) on the provision of services		17,515
157,159	Adjustments to net surplus or deficit(-) on the provision of services for non-cash movements	23	86,882
-61,060	Adjustments for items included in the net surplus or deficit(-) on the provision of services that are investing and financing activities	23	-69,273
<b>22,476</b>	<b>Net cash flows from operating activities</b>		<b>35,124</b>
-113,374	Purchase of property, plant and equipment, investment property and intangible assets		-123,732
-1,938,010	Purchase of short-term and long-term investments		-1,826,990
10,213	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		2,021
1,956,866	Proceeds from short-term and long-term investments		1,864,545
61,060	Other receipts from investing activities		69,273
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14,064	Cash receipts of short-term and long-term borrowing		17,604
-9,903	Repayments of short-term and long-term borrowing		-34,716
<b>4,161</b>	<b>Net cash flows from financing activities</b>	<b>24</b>	<b>-17,112</b>
<b>3,392</b>	<b>Net decrease(-) or increase in cash and cash equivalents</b>		<b>3,129</b>
65,680	Cash and cash equivalents at the beginning of the reporting period		69,072
<b>69,072</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19</b>	<b>72,201</b>

## Notes to the Accounts

### 1. Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024.

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

These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

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

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

The CIPFA Code of Practice on Local Authority Accounting 2023/24 requires that Group Accounting Statements have to be prepared, consolidating the accounts of the parent and any subsidiary, associate or joint undertakings. An assessment of the activities and interests of Swansea Council has been undertaken, which has determined that the Swansea Council Group consists of the Local Authority as the parent, and the following companies:

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

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

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

The Accounts are prepared on a going concern basis.

## *Notes to the Accounts*

### **ii. Accruals of Income and Expenditure**

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

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised in line with the five-step model outlined in IFRS 15 - Revenue from Contracts with Customers. This means that revenue will be recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

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

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

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

### **iii. Cash and Cash Equivalents**

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

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

## Notes to the Accounts

### iv. Exceptional Items

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

### v. Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events or conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

As part of a review of Property, Plant and Equipment changes in assumptions have been made regarding the remaining useful lives of some operational and some non-operational assets during 2023/24.

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

The Council Tax bad debt provision was originally reviewed during 2020/21. Following an analysis of the original outstanding debt, current outstanding debt and the level of write offs the Authority realised that the estimate for council tax bad debt provision was too high and therefore needed to be revised. The Council Tax bad debt provision is now based on the historic average of uncollected debt. There are external factors like the changes in universal credit and the Cost of Living crisis that are likely to affect the council tax collection rate and the level of outstanding debt. Therefore the council tax bad debt provision will continue to be reviewed annually until there is some stability of collection rates.

### vi. Charges to Revenue for Non-Current Assets

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

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

## *Notes to the Accounts*

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

### **vii. Employee Benefits**

#### **Benefits Payable During Employment**

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

#### **Termination Benefits**

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

#### **Post Employment Benefits**

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

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

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

## Notes to the Accounts

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

### The Local Government Pension Scheme

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

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

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

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



## Notes to the Accounts

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such discretionary powers were used during the year.

### viii. Events After the Balance Sheet Date

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

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

## Notes to the Accounts

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

### ix. Financial Instruments

#### Financial Liabilities

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

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

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

#### Financial Assets

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

There are three main classes of financial assets measured at:

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

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

### Financial Assets Measured at Amortised Cost

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

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

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

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

### Expected Credit Loss Model

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

## *Notes to the Accounts*

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

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

### **Financial Assets Measured at Fair Value through Profit or Loss**

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

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

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

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

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

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

## *Notes to the Accounts*

### **x. Government Grants and Contributions**

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

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

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

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

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

### **xi. Heritage Assets**

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

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

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

## *Notes to the Accounts*

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

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

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

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

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

### **xii. Interests in Companies and Other Entities**

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

### **xiii. Investment Property**

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

## *Notes to the Accounts*

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

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

### **xiv. Jointly Controlled Operations and Jointly Controlled Assets**

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

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

### **xv. Leases**

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

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

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

## *Notes to the Accounts*

### **The Authority as Lessee**

#### **Finance Leases**

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

Lease payments are apportioned between:

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

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

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

#### **Operating Leases**

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



### **The Authority as Lessor**

#### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

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

## *Notes to the Accounts*

### **Operating Leases**

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

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

### **xvi. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### **Recognition**

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

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

#### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price,
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

## Notes to the Accounts

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

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

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- for a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

## Notes to the Accounts

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

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

### Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

## Notes to the Accounts

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

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

### Component Accounting

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

#### 1. Suitability of assets.

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

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

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

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

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

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

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

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

## *Notes to the Accounts*

### **xvii. Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

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

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

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

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

#### **Provision for Back Pay Arising from Unequal Pay Claims**

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

During 2023/24 and 2022/23 the Council did not settle any unequal pay claims.

The Authority has received notification of a new equal pay dispute and initial action lodged via ACAS seeking early conciliation. This covers otherwise intended new equal pay claims against the Authority. A growing number of authorities are seeing new equal pay claims and this was anticipated. This remains at the very early stages of conciliation and discussion but it is in line with expectations and continues to justify the significant addition to the pay provision made in 2022/23 and continued to be held at the same level for 2023/24.

#### **Contingent Liabilities**

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

## *Notes to the Accounts*

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

### **Contingent Assets**

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

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

### **xviii. Reserves**

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

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

### **xix. Revenue Expenditure Funded from Capital under Statute**

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

### **xx. VAT**

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



## Notes to the Accounts

The Authority undertakes an annual review of its de-minimus VAT position under s33 of the VAT Act 1993 as required by HMRC. For the year ended 31st March 2024 the Authority believes that it will be below the de-minimus level in respect of exempt related input tax and hence will be entitled to recovery of input tax in full.

### xxi. Fair Value Measurement of non-financial assets

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

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset.

### xxii. Group Accounting Policies

The accounting policies for both City and County of Swansea and City and County of Swansea Group are materially aligned except for the valuation of assets in respect of the Wales National Pool Swansea. The assets of the Wales National Pool Swansea have been valued on a different basis within the company's accounts to that used by the Council for assets of this nature. For the purposes of the Group accounts, the National Pool has been separately valued by the Council in accordance with its own accounting policies. Full disclosure of the different valuations have been included on page 120 to the financial statements.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) has introduced accounting policy changes in relation to the following:

#### a) IFRS 16 Leases.

IFRS 16 is an International Financial Reporting Standard for lease accounting issued in January 2016.

IFRS 16 requires the Council to recognise right-of-use assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value (below £10k when new).

Implementation has been deferred and will be mandatorily implemented in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2024/25.

The Council will adopt IFRS 16 on 1st April 2024.

Initial preparatory work carried out by the Council has involved the analysis of existing vehicle leases, contracts held in the Council's contracts register and contracts provided by schools and other departments.

Further work will be carried out during 2024/25 on the Council's fleet and property portfolios, including obtaining valuations for assets leased on a peppercorn basis.

It is reasonable to conclude that when this additional work is complete it is likely to materially impact the Council's accounts, especially after considering property leases, the size of the Council's fleet and any other lease-type arrangements to be reviewed and accounted for under IFRS 16.

#### b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period,
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement,
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

## *Notes to the Accounts*

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

d) Non-current Liabilities with Covenants (Amendments to IAS 1).

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12).

Pillar Two applies to multinational groups with a minimum level of turnover.

f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

The amendments required an entity to provide additional disclosures about its supplier finance arrangements.

The adoption of the accounting standards mentioned above may incur amendments that can be made retrospectively by prior period restatement (if possible) or through the adjustment of opening balances as at 1st April 2023.

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

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

None of these disclosures ((b) to (f)) are expected to have a material impact on the Council.

### 3. Critical judgements in applying accounting policies

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

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

- The medium term financial plan approved by the Authority on 6th March 2024 detailed significant ongoing uncertainty over forecast revenue funding shortfalls over the medium term. Indications were that there were a range of scenarios for funding which range from significant real terms reductions in support to more modest real terms reductions in support from Central Government from 2025/26 onwards. This is further complicated by an absence of formal comprehensive spending review plans at both a UK and Welsh Government level and widely shared economic commentary indicating that the outline existing plans are not deemed realistic or credible without further tax rises, spending reductions or increased borrowing. Whilst headline inflation rates have dropped significantly, past rises are now embedded and were never fully funded, and current and future inflation facing local government services often far exceeds the headline rate. Prolonged and elevated inflationary, interest rate and supply side pressures mean risks are increasingly on the downside. Whilst the Authority will consider future spending plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to change the level of service provision. There is however material uncertainty over this assumption.
- The Authority implemented an equality compliant pay and grading structure for its employees from 1st April 2014. The Authority continues to face a very small and dwindling residual number of claims from past and existing employees based on previous equal pay claim grounds. In light of recent issues at Birmingham Council, and others, in line with the rest of local government this Council has reassessed its risks here and made a prudent past provision for equal pay. In determining the extent of the possible resources to be set aside the Authority has made assumptions regarding the number of active claimants, potential claimants and the potential value of their respective claims. The Authority is confident that it has sufficient resource to meet the remaining and potentially new liabilities arising from equal pay issues.
- In line with accounting standards the Authority has made a significant provision in respect of final remedial work and future maintenance/monitoring of its major waste disposal site at Tir John. Assumptions regarding remediation and aftercare costs have been based on legal requirements to monitor the site for a period of 60 years following closure and have been calculated taking into account commitments currently within the Council's Capital Programme.

## Notes to the Accounts

- The Government has made fundamental changes in respect of the provision of public sector pensions. Changes to employer contribution rates in the Teachers' Pension Scheme rose to 28.68% from April 2024. We await funding for the increased costs but note HM Treasury assurances in the Budget that state funded schools will be recompensed for increased costs, albeit that will be via Barnett consequential to Wales in due course. A re-modelled Local Government Pension scheme was introduced from 1st April 2014 but there is no indication that the finances of the Authority will be adversely affected by any of the changes. The LGPS triennial valuation in 2022 has confirmed the affordability of future contribution rates. The 2022 revaluation results confirmed the expected strong investment returns were achieved and were especially beneficial to our funding position, and indeed we were fully funded as a scheme at 31st March 2023, and there are reductions in employer contributions in future budgets from 2023/24 onwards. There remains residual uncertainty as to the impact of the UK Government recompensing scheme members for the McCloud judgement in practice (although now finally reaching a conclusion on the compensation regulations) and a prudent sum was factored in by the actuary in the valuation results for the pension fund and individual employer contribution rates. Scheme funding levels, future employer contribution rates from the 2026/27 budget onwards and final McCloud costs will all be reassessed as we move to the 2025 triennial revaluation results in due course.
- The Authority undertook a fundamental review in 2012/13 of its Schools portfolio with a view to both rationalising and significantly improving the quality of school premises available across the City and County (21st Century Schools Programme). In the light of this scheme and the outline timescale for implementation, the useful lives of some school buildings have been re-evaluated and considerably reduced from that previously used. The effect of this is to accelerate residual depreciation affecting both the Comprehensive Income and Expenditure Statement and the net book value as shown on the Balance Sheet. As the Schools Programme has progressed there has been further re-evaluations however there are no adjustments in 2023/24.

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

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

## Notes to the Accounts

The items in the Authority's Balance Sheet as at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:-

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

## Notes to the Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liabilities	<p>The Authority's share of the Local Government pension fund liability as at 31st March 2024 is £69.993m. However, the fund is subject to a triennial valuation which at present reviews the level of employers contributions in order to ensure the long term sustainability of the fund. Changes to the Local Government Pension Scheme introduced on 1st April 2014 were designed to ensure the long term affordability of the scheme.</p>	<p>The Pension Fund is designed to be sustainable over the long term and it is unlikely that there will be any significant short term impact on the Authority's finances arising from any assumptions currently made or decisions that are likely in the coming financial year.</p>
Insurance Provisions and Reserves	<p>The Authority has set aside provisions to meet contractual excess amounts from known and existing insurance claims. In deciding the level of provision to make in respect of ongoing claims, the Authority has taken advice from its legal advisers and/or its contracted loss adjusters. The Authority also maintains an insurance reserve which is used to meet the cost of future unforeseen events based on previous experience.</p>	<p>Should the sums set aside prove insufficient to meet these payments there would be an immediate revenue effect in the year that the available sums were exhausted. Equally, the Authority regularly reviews the level of both provisions and reserves with a view to releasing funds back to revenue if appropriate.</p>

## Notes to the Accounts

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



## Notes to the Accounts

### 5. Material items of income and expense

The Authority does not have any items of material income and expenditure to report that requires additional information in 2022/23 or 2023/24.

### 6. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2023/24						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	3,044	-130	-137	2,777	-17	2,760
Finance	1,314	-986	-567	-239	-24,153	-24,392
Social Services	1,658	-601	-421	636	0	636
Education	28,306	-4,946	-491	22,869	54	22,923
Place	26,961	-644	-257	26,060	3,031	29,091
Housing Revenue Account (HRA)	30,680	-93	-42	30,545	0	30,545
<b>Net Cost of Services</b>	<b>91,963</b>	<b>-7,400</b>	<b>-1,915</b>	<b>82,648</b>	<b>-21,085</b>	<b>61,563</b>
Other income and expenditure from the Expenditure and Funding Analysis	-103,308	2,321	-39	-101,026	21,085	-79,941
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-11,345</b>	<b>-5,079</b>	<b>-1,954</b>	<b>-18,378</b>	<b>0</b>	<b>-18,378</b>

## Notes to the Accounts

Adjustments between Funding and Accounting Basis 2022/23						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for Pension Adjustments (Note 2) £'000	Other Statutory Adjustments (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Corporate Services	2,701	2,775	33	5,509	-39	5,470
Finance	-618	-74	242	-450	-22,577	-23,027
Social Services	1,399	10,410	245	12,054	0	12,054
Education	31,147	5,602	1,180	37,929	54	37,983
Place	39,131	11,203	163	50,497	3,159	53,656
Housing Revenue Account (HRA)	35,920	1,644	-117	37,447	0	37,447
<b>Net Cost of Services</b>	<b>109,680</b>	<b>31,560</b>	<b>1,746</b>	<b>142,986</b>	<b>-19,403</b>	<b>123,583</b>
Other income and expenditure from the Expenditure and Funding Analysis	-105,147	18,530	49	-86,568	19,403	-67,165
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>4,533</b>	<b>50,090</b>	<b>1,795</b>	<b>56,418</b>	<b>0</b>	<b>56,418</b>

## Notes to the Accounts

### Adjustments for Capital Purposes

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

### Net Change for Pension Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:
- For **services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### Other Statutory Adjustments

- 3) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

### Other Non-statutory Adjustments

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

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

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

## Notes to the Accounts

### 7a. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2022/23 £'000	2023/24 £'000
<b>Expenditure</b>		
Employee expenses	471,581	433,855
Premises	56,559	70,082
Transport	34,455	35,537
Supplies & Services	156,817	158,078
Other Costs	240,618	294,905
Depreciation, amortisation and impairment	103,671	94,630
Interest payments	25,113	25,074
Precepts and levies	44,808	48,926
Gain or loss on the disposal of assets	1,875	8,342
<b>Total expenditure</b>	<b>1,135,497</b>	<b>1,169,429</b>
<b>Income</b>		
Fees, charges and other service income	-286,176	-345,302
Interest and investment income	-4,280	-12,840
Income from council tax	-143,425	-151,483
Government grants and contributions	-627,993	-677,319
<b>Total income</b>	<b>-1,061,874</b>	<b>-1,186,944</b>
<b>Surplus(-) or Deficit on the Provision of Services</b>	<b>73,623</b>	<b>-17,515</b>

The £345.302m (22/23 £286.176m) of fees, charges and other service income reported in the Comprehensive Income and Expenditure Statement includes £243.991m (22/23 £218.831m) of revenue recognised from contracts with service recipients.

### 7b. Segmental Income

The table below shows the total of the Authority's revenue recognised from contracts with service recipients.

Service Recipient Income by Directorate	2022/23 £'000	2023/24 £'000
Corporate Services	839	874
Finance	1,235	1,094
Place	103,795	112,856
Education	23,547	32,555
Social Services	17,506	19,414
HRA	71,909	77,198
<b>Total Directorates</b>	<b>218,831</b>	<b>243,991</b>

### **8. Adjustments Between Accounting Basis and Funding Basis Under Regulations**

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

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

#### **General Fund Balance**

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

#### **Housing Revenue Account Balance**

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

#### **Capital Receipts Reserve**

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

#### **Capital Grants Unapplied**

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

## Notes to the Accounts

2023/24				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	-5,043	-37	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	-219	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	-1,649	-42	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	17,865	13,354	0	11,623
<b>Total Adjustments to Revenue Resources</b>	<b>10,954</b>	<b>13,275</b>	<b>0</b>	<b>11,623</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	8,344	0	2,200	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-15,888	-3,649	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-11,338	-20,076	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-18,882</b>	<b>-23,725</b>	<b>2,200</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-5,185	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>-5,185</b>	<b>0</b>
<b>Total Adjustments</b>	<b>-7,928</b>	<b>-10,450</b>	<b>-2,985</b>	<b>11,623</b>

## Notes to the Accounts

2022/23 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pensions costs (transferred to (or from) the Pensions Reserve)	47,520	2,570	0	0
- Financial instruments (transferred to the Financial Instruments Adjustments Account)	35	0	0	0
- Holiday pay (transferred to the Accumulated Absences Reserve)	1,924	-117	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	31,278	17,763	0	-8,240
<b>Total Adjustments to Revenue Resources</b>	<b>80,757</b>	<b>20,216</b>	<b>0</b>	<b>-8,240</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,875	0	10,213	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-14,315	-3,715	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-6,609	-21,791	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-19,049</b>	<b>-25,506</b>	<b>10,213</b>	<b>0</b>



## Notes to the Accounts

2022/23 Comparative Figures				
	Usable Reserves			
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to Capital Resources</b>				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-7,090	0
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>-7,090</b>	<b>0</b>
<b>Total Adjustments</b>	<b>61,708</b>	<b>-5,290</b>	<b>3,123</b>	<b>-8,240</b>

### 9. Events After the Balance Sheet Date

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

Two types of events can be identified:

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

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

## Notes to the Accounts

### 10. Movements In Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

	Balance at 1st April 2022 £'000	Transfers Out 2022/23 £'000	Transfers In 2022/23 £'000	Balance at 31st March 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance at 31st March 2024 £'000
<b>General Fund:</b>							
Balances held by schools under the scheme of delegation	28,391	-8,292	55	20,155	-3,179	0	16,976
Primary School Sickness Scheme Reserve	308	0	45	353	0	26	379
Information technology reserves	12,695	-640	4,519	16,574	-2,512	3,774	17,836
Development reserves	4,906	0	217	5,123	-95	160	5,188
Insurance reserves	17,777	0	2,650	20,427	-3,195	789	18,021
Restructuring Costs reserve	3,000	-200	0	2,800	-2,800	0	0
Contingency Fund reserve	4,554	-8,285	3,731	0	-2,475	14,896	12,421
Recovery Fund reserve	39,068	-13,306	5,247	31,008	-28,840	1,097	3,265
Other earmarked revenue reserves	33,396	-5,913	4,584	32,067	-10,078	6,805	28,794
Revenue reserve earmarked to fund future capital expenditure	32,600	-15,670	8,884	25,814	0	16,874	42,688
<b>Total</b>	<b>176,695</b>	<b>-52,306</b>	<b>29,932</b>	<b>154,321</b>	<b>-53,174</b>	<b>44,421</b>	<b>145,568</b>
<b>HRA:</b>							
Housing Revenue Account	5,239	0	5,169	10,408	0	5,890	16,298
<b>Total</b>	<b>5,239</b>	<b>0</b>	<b>5,169</b>	<b>10,408</b>	<b>0</b>	<b>5,890</b>	<b>16,298</b>

## Notes to the Accounts

### 11. Other Operating Expenditure

2022/23 £'000		2023/24 £'000
1,697	Community Council precepts	1,829
28,131	South Wales Police Authority precept	29,674
14,980	Levies and Contributions	17,423
1,875	Gains(-)/losses on the disposals of non-current assets	8,342
<b>46,683</b>		<b>57,268</b>

### 12. Financing and Investment Income and Expenditure

2022/23				2023/24		
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
25,113	0	25,113	Interest payable and similar charges	25,074		25,074
62,240	-43,710	18,530	Net interest on the net defined benefit liability/asset(-)	79,840	-77,520	2,320
0	-4,280	-4,280	Interest receivable and similar income	0	-12,840	-12,840
2,537	-8,662	-6,125	Income and expenditure in relation to investment properties and changes in their fair value	2,801	-8,400	-5,599
-1,827	0	-1,827	Impairment losses	3,885	0	3,885
<b>88,063</b>	<b>-56,652</b>	<b>31,411</b>		<b>111,600</b>	<b>-98,760</b>	<b>12,840</b>

The income generated from investment properties during the year amounted to £4.629m (2022/23 £4.466m) and changes to the fair value of investment properties amounted to £2.628m (2022/23 £2.987m).

### 13. Taxation and Non Specific Grant Income

2022/23 £'000		2023/24 £'000
-143,425	Council tax income (note 37)	-151,483
-89,167	Non domestic rates	-79,002
-297,425	Non-ringfenced government grants	-339,280
-58,737	Capital grants and contributions	-57,318
0	Covid-19 Retail leisure hospitality rates relief	436
<b>-588,754</b>		<b>-626,647</b>

## Notes to the Accounts

### 14. Property, Plant and Equipment

Movements in 2023/24:							
	Council Dwellings £'000	Other Land and Buildings and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Cost or valuation</b>							
At 1 April 2023	541,241	796,016	47,530	19,705	77,925	69,419	1,551,836
Additions (Cap Exp)	35,988	16,347	3,136	26	1,038	45,058	101,593
Other additions and adjustments	0	50	791	0	594	0	1,435
Accumulated Depreciation written off to Gross Carrying Amount	-9,774	-32,008	-827	0	-432	0	-43,041
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	8,251	7,118	0	-415	2,381	0	17,335
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-20,793	-5,367	-25	-599	-339	0	-27,123
Derecognition - disposals	0	-173	-909	0	-7,187	0	-8,269
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0

## Notes to the Accounts

### Movements in 2023/24 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Other movements in cost or valuation	1,339	4,853	0	986	5,716	-15,317	-2,423
<b>At 31 March 2024</b>	<b>556,252</b>	<b>786,836</b>	<b>49,696</b>	<b>19,703</b>	<b>79,696</b>	<b>99,160</b>	<b>1,591,343</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2023	0	-6,255	-26,473	-8,158	-473	-16	-41,375
Depreciation charge	-9,801	-33,235	-6,113	-401	-1,369	0	-50,919
Accumulated Depreciation written off to Gross Carrying Amount	9,774	32,008	827	0	432	0	43,041
Derecognition - disposals	0	0	884	0	59	0	943
Other movements in depreciation and impairment	0	-8	0	0	9	0	1
<b>At 31 March 2024</b>	<b>-27</b>	<b>-7,490</b>	<b>-30,875</b>	<b>-8,559</b>	<b>-1,342</b>	<b>-16</b>	<b>-48,309</b>
<b>Net Book Value</b>							
At 1 April 2023	541,241	789,761	21,057	11,547	77,452	69,403	1,510,461
At 31 March 2024	556,225	779,346	18,821	11,144	78,354	99,144	1,543,034

## Notes to the Accounts

### Restated Comparative Movements in 2022/23:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Cost or valuation</b>							
At 1 April 2022	525,129	850,543	42,639	19,473	80,235	73,298	1,591,317
Additions (Cap Exp)	37,858	18,895	4,242	225	3,503	27,656	92,379
Other additions and adjustments	0	638	803	0	292	0	1,733
Accumulated Depreciation written off to Gross Carrying Amount	-9,272	-37,191	0	0	-1,785	0	-48,248
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	5,856	-41,579	0	0	2,478	0	-33,245
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-26,595	-10,700	0	0	-2,916	0	-40,211
Derecognition - disposals	0	-6,955	-217	0	-4,764	0	-11,936
Assets reclassified (to)/from Investment Property	0	80	0	0	0	0	80
Other movements in cost or valuation	8,265	22,285	63	7	882	-31,535	-33
<b>At 31 March 2023</b>	<b>541,241</b>	<b>796,016</b>	<b>47,530</b>	<b>19,705</b>	<b>77,925</b>	<b>69,419</b>	<b>1,551,836</b>

## Notes to the Accounts

### Restated Comparative Movements in 2022/23 (continued):

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2022	0	-12,282	-21,145	-7,770	-1,020	-39	-42,256
Depreciation charge	-9,245	-31,301	-5,545	-388	-1,156	0	-47,635
Accumulated Depreciation written off to Gross Carrying Amount	9,272	37,191	0	0	1,785	0	48,248
Derecognition - disposals	0	2	217	0	49	0	268
Other movements in depreciation and impairment	-27	135	0	0	-131	23	0
<b>At 31 March 2023</b>	<b>0</b>	<b>-6,255</b>	<b>-26,473</b>	<b>-8,158</b>	<b>-473</b>	<b>-16</b>	<b>-41,375</b>
<b>Net Book Value</b>							
At 1 April 2022	525,129	838,261	21,494	11,703	79,215	73,259	1,549,061
At 31 March 2023	541,241	789,761	21,057	11,547	77,452	69,403	1,510,461

During 2023/24 the Council has streamlined the presentation for Property, Plant and Equipment including restating 2022/23 in line with a newly implemented CIPFA asset management accounting system and in continued accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The movement in Cost (gross carrying amount) in 2022/23 has also been restated (increased) with a corresponding adjustment taken from the Accumulated Depreciation and Impairment section to correct a classification error identified of £27.274m relating to Accumulated Impairment written off to gross carrying amount. There was no impact on the Net Book Value as at 31 March 2023.

## Notes to the Accounts

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets.

Up until 2021/22, historical reporting practices and resultant information deficits had meant infrastructure assets figures did not faithfully represent the asset position to the users of the financial statements.

From 2022/23 the Authority has used the interim guidance provided by CIPFA to revise infrastructure assets to bring them in line with the guidance. The temporary dispensation afforded within the CIPFA guidance is still in use, until such time that the guidance from CIPFA is finalised and the revised infrastructure assets can be audited in line with the finalised guidance.

The following table summarised the movement in the net book value of infrastructure assets over the year:

2022/23 £'000		2023/24 £'000
<b>265,550</b>	<b>Net Book Value (modified historic cost) at 1 April</b>	<b>271,143</b>
20,682	Additions	21,953
-1,373	Derecognition	-3,218
-14,121	Depreciation	-15,257
0	Impairment	0
405	Other movements in cost	1,422
<b>271,143</b>	<b>Net Book Value at 31 March</b>	<b>276,043</b>

### Capital Commitments

As at 31st March 2024 the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £62.850m. Similar commitments at 31st March 2023 were £76.156m.

The major commitments are:

	<b>£'000</b>
Swansea Central/Arena	364
Lower Swansea Valley Hafod Copperworks Laboratory Building	3,542
Lower Swansea Valley Hafod Copperworks Museum Extension	2,093
71-72 Kingsway Offices	4,395
Palace Theatre Redevelopment	298
Y Storfa Community Hub	14,690



## Notes to the Accounts

	<b>£'000</b>
Castle Square Regeneration	9,038
Seawall Repairs Mumbles	15,485
Bishopston Comp Refurbishment (Band B)	790
Cefn Hengoed Community Hub	462
HRA	11,693

### Revaluations

The Authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally with the exception of Swansea Marina, which was valued externally by experts. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation dates for 2023/24 were 30th June 2023, 30th September 2023, 31st December 2023 and 31st March 2024.

The main asset groups revalued during 2023/24 are shown below within the current rolling programme:

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

Assets transferred from Assets Under Construction are also revalued internally each year. During 2023/24, there was movement in build costs and house prices. Assets valued on a Depreciated Replacement Cost (DRC) basis and the Council's housing stock have been impacted by these movements. Therefore, they have also been revalued at 31st March 2024. For some groups of assets e.g. primary schools, a sample of properties were revalued and the percentage change was applied to the remainder in that group. In 2025/26, the rolling programme will be reviewed and implemented accordingly.

## Notes to the Accounts

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

#### Fair Value Hierarchy

Details of the Authority's surplus assets and information about fair value hierarchy as at 31 March 2024 and 31 March 2023 are as follows:

	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair Value as at 31st March
2023/24	(Level 1)	(Level 2)	(Level 3)	
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Agricultural	0	0	860	860
City Centre	0	3,657	9,415	13,072
Industrial Units	0	0	3,672	3,672
Land only	0	1,654	36,083	37,737
High Value	0	0	0	0
Residential Freeholds (LRA)	0	237	237	474
Residential shared %	0	0	953	953
Miscellaneous	0	6,182	12,732	18,914
Offices	0	0	2,672	2,672
<b>Total</b>	<b>0</b>	<b>11,730</b>	<b>66,624</b>	<b>78,354</b>
Restated 2022/23 Comparative Figures				
	(Level 1)	(Level 2)	(Level 3)	
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Agricultural	0	0	860	860
City Centre	0	4,871	9,647	14,518
Industrial Units	0	0	3,254	3,254
Land only	0	1,654	36,846	38,500
High Value	0	0	325	325
Residential Freeholds (LRA)	0	280	0	280
Residential shared %	0	0	1,027	1,027
Miscellaneous	0	5,913	12,212	18,125
Offices	0	0	563	563
<b>Total</b>	<b>0</b>	<b>12,718</b>	<b>64,734</b>	<b>77,452</b>

During 2023/24 the Council has streamlined the presentation of the Fair Value Hierarchy (including restating 2022/23 to net book value of surplus assets rather than gross carrying amount) in line with a newly implemented CIPFA asset management accounting system.

## *Notes to the Accounts*

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

#### **Significant Observable Inputs - Level 2**

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

#### **Significant Unobservable Inputs - Level 3**

The industrial estates owned by the Authority are measured using a rental value and yields derived from sale transactions of comparable properties in similar locations. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the location, date of sale and size of property let or sold.

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

#### **Highest and Best Use of Surplus Assets**

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

## Notes to the Accounts

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

	As at 31/03/2024 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural	860	Market Approach	Land Value per acre	£2,000 - £5,000 per acre	Significant changes in land value and yield will result in significantly lower or higher fair value
City Centre	9,415	Market Approach	Rents	Zone A £125 to £550 per sq m	Significant changes in rent and yields will result in significantly lower or higher fair value
			Yield	6 - 12%	
Industrial Units	3,672	Market Approach	Yield	5 - 11%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Land Only	36,083	Market Approach	Land Value per acre	£80,000 to £600,000 per acre	Significant changes in land value per acre will result in significantly lower or higher fair value
High Value	0	Market Approach	Yield	Various	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Residential shared %	953	Market Approach	Capital Value	£125,000 - £170,000	Significant changes in capital value will result in a change to the fair value
Residential Freeholds (LRA)	237	Market Approach	Open Market Value	Various	Significant changes in open market value will result in a change to the fair value
Miscellaneous	12,732	Market Approach	Yield	5 - 12%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	Various	
Offices	2,672	Market Approach	Yield	9.5 - 14%	Significant changes in rent and yields will result in significantly lower or higher fair value
			Rents	£25 to £90 per sq m	
<b>TOTAL</b>	<b>66,624</b>				

## Notes to the Accounts

### Valuation Process for Surplus Assets

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

### 15. Heritage Assets

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

	Heritage Land, Buildings & Infrastructure £'000	Art & Museums £'000	Furniture, Fixtures & Fittings £'000	Other £'000	Total Assets £'000
<b>Cost or Valuation</b>					
At 1st April 2022	4,720	22,709	2,955	1,795	32,179
Additions (Cap Exp)	23	2	0	61	86
Additions (Other)	0	382	0	0	382
Revaluations recognised in the Revaluation Reserve	0	61	0	0	61
Revaluations recognised in the Surplus/Deficit on the Provision of Services	0	0	0	-61	-61
Reclassifications	-387	0	0	0	-387
<b>At 31st March 2023</b>	<b>4,356</b>	<b>23,154</b>	<b>2,955</b>	<b>1,795</b>	<b>32,260</b>
<b>Cost or Valuation</b>					
At 1st April 2023	4,356	23,154	2,955	1,795	32,260
Additions (Cap Exp)	9	4	0	143	156
Additions (Other)	0	317	0	0	317
Revaluations recognised in the Revaluation Reserve	0	-64	0	386	322
Revaluations recognised in the Surplus/Deficit on the Provision of Services	-968	0	0	-143	-1,111
Reclassifications	978	0	0	0	978
<b>At 31st March 2024</b>	<b>4,375</b>	<b>23,411</b>	<b>2,955</b>	<b>2,181</b>	<b>32,922</b>

## Notes to the Accounts

### Heritage Land, Buildings and Infrastructure

The Authority's heritage land, buildings and infrastructure assets are reported in the Balance Sheet at historic cost (e.g. Oystermouth Castle) and at valuation (e.g. Weighbridge Building, Hafod Copperworks). Valuations have been carried out internally by the Authority's internal RICS valuer and internal highways engineer.

### Art & Museums

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

### Other

Most of the remaining assets included are reported in the Balance Sheet at insurance valuation (e.g. Brangwyn Hall Organ). However, there are some held at historic cost (e.g. Cenotaph).

## 16. Investment Properties

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

2022/23 £'000		2023/24 £'000
4,466	Rental income from investment property	4,629
-1,327	Direct operating expenses arising from investment property	-1,659
<b>3,139</b>	<b>Net gain</b>	<b>2,970</b>

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

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

2022/23 £'000		2023/24 £'000
<b>54,182</b>	<b>Balance at start of the year</b>	<b>57,019</b>
	Additions:	
0	- Other	21
-70	Disposals	0
2,987	Net gains/losses(-) from fair value adjustments	2,628
-80	Transfers from Property, Plant and Equipment	0
<b>57,019</b>	<b>Balance at end of the year</b>	<b>59,668</b>

## Notes to the Accounts

### Fair Value measurement of investment property - Fair Value Hierarchy

Details of the Authority's investment properties and information about fair value hierarchy as at 31 March 2024 and 31 March 2023 are as follows:

2023/24				
	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31st March
	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
<b>Recurring fair value measurements using:</b>				
Enterprise Park	0	12,616	15,959	28,575
High Value	0	2,382	28,711	31,093
<b>Total</b>	<b>0</b>	<b>14,998</b>	<b>44,670</b>	<b>59,668</b>
2022/23 Comparative Figures				
	(Level 1)	(Level 2)	(Level 3)	
	£'000	£'000	£'000	£'000
<b>Recurring fair value measurements using:</b>				
Enterprise Park	0	12,021	15,319	27,340
High Value	0	4,859	24,820	29,679
<b>Total</b>	<b>0</b>	<b>16,880</b>	<b>40,139</b>	<b>57,019</b>

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

#### Significant Observable Inputs - Level 2

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

#### Significant Unobservable Inputs - Level 3

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

#### Highest and Best Use of Surplus Assets

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

## Notes to the Accounts

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

	As at 31/03/2024 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Enterprise Park	15,959	Market Approach	Yield	4.5 - 12%	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
High Value	28,711	Market Approach	Yield	Various	Significant changes in rents and yields will result in significantly lower or higher fair value
			Rent	Various	
<b>TOTAL</b>	<b>44,670</b>				



## Notes to the Accounts

### 17. Financial Instruments

#### Categories of Financial Instruments

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

#### Financial Assets:

	Non-Current				Current				Totals	
	Investments		Debtors		Investments		Debtors		Totals	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	24	24	19,725	14,644	135,338	172,679	85,380	118,699	240,467	306,046
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0	0	0	0	0
Fair value through other comprehensive income - other	70	75	0	0	0	0	0	0	70	75
<b>Total financial assets</b>	<b>94</b>	<b>99</b>	<b>19,725</b>	<b>14,644</b>	<b>135,338</b>	<b>172,679</b>	<b>85,380</b>	<b>118,699</b>	<b>240,537</b>	<b>306,121</b>
Assets not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>94</b>	<b>99</b>	<b>19,725</b>	<b>14,644</b>	<b>135,338</b>	<b>172,679</b>	<b>85,380</b>	<b>118,699</b>	<b>240,537</b>	<b>306,121</b>

#### Financial Liabilities:

	Non-Current				Current				Totals	
	Borrowings		Creditors		Borrowings		Creditors		Totals	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	671,298	693,547	2,049	2,548	13,980	9,026	77,099	62,351	764,426	767,472
<b>Total financial liabilities</b>	<b>671,298</b>	<b>693,547</b>	<b>2,049</b>	<b>2,548</b>	<b>13,980</b>	<b>9,026</b>	<b>77,099</b>	<b>62,351</b>	<b>764,426</b>	<b>767,472</b>
Liabilities not defined as financial instruments	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>671,298</b>	<b>693,547</b>	<b>2,049</b>	<b>2,548</b>	<b>13,980</b>	<b>9,026</b>	<b>0</b>	<b>62,351</b>	<b>764,426</b>	<b>767,472</b>

## Notes to the Accounts

### Income, Expense, Gains and Losses

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
<b>Net gains/losses on:</b>				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
<b>Total net gains/losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	12,453	0	4,401	0
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
<b>Total interest revenue</b>	<b>12,453</b>	<b>0</b>	<b>4,401</b>	<b>0</b>
<b>Interest expense</b>	<b>-25,062</b>	<b>0</b>	<b>-25,017</b>	<b>0</b>
<b>Fee income:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fee expense:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Notes to the Accounts

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

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

#### Financial Liabilities

	2023/24		2022/23	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost	634,080	522,270	659,080	583,090
Long-term creditors	2,049	2,049	2,548	2,548
<b>Total</b>	<b>636,129</b>	<b>524,319</b>	<b>661,628</b>	<b>585,638</b>

The fair value of borrowings is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

#### Financial Assets

	2023/24		2022/23	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial assets held at amortised cost	135,338	135,338	172,679	172,679
Long-term debtors	19,725	19,725	14,644	14,644
<b>Total</b>	<b>155,063</b>	<b>155,063</b>	<b>187,323</b>	<b>187,323</b>

The fair value of the financial assets is equivalent to the carrying amount because the Authority's portfolio of investments comprises of short dated investments whose fair value is equivalent to the carrying value as at 31st March 2024.

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

## Notes to the Accounts

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

	31 March 2024			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
<b>Recurring fair value measurements using:</b>				
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	36,348	0	36,348
Long-term creditors	0	0	0	0
<b>Total</b>	<b>0</b>	<b>36,348</b>	<b>0</b>	<b>36,348</b>
<b>Financial assets</b>				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	31 March 2023 Comparative Year			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
<b>Recurring fair value measurements using:</b>				
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>				
Loans/borrowings	0	33,414	0	33,414
Long-term creditors	0	0	0	0
<b>Total</b>	<b>0</b>	<b>33,414</b>	<b>0</b>	<b>33,414</b>
<b>Financial assets</b>				
<i>Financial assets held at amortised cost:</i>				
Other financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## *Notes to the Accounts*

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

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

<b>Financial Assets</b>	<b>Financial Liabilities</b>
- no early repayment or impairment is recognised	- no early repayment is recognised
- estimated ranges of interest rates at 31 March 2024 of 5.14% to 7.00% for loans receivable, based on new lending rates for equivalent loans at that date	- estimated ranges of interest rates at 31 March 2024 of 4.81% to 5.42% for loans payable based on new lending rates for equivalent loans at that date
- the fair value of trade and other receivables is taken to be the invoiced or billed amount	- the fair value of WG loans are taken at nominal value

## Notes to the Accounts

### 18. Short Term Debtors

31st March 2023 £'000		31st March 2024 £'000
89,169	Central government bodies	95,420
3,167	Other local authorities	4,029
7,261	NHS bodies	10,994
0	Public corporations and trading funds	12
47,205	Other entities and individuals	52,016
8,797	Payments in advance	6,445
-30,378	Impairment losses	-37,704
<b>125,221</b>	<b>Total</b>	<b>131,212</b>

The short term debtors figure of £131.212m (22/23 £125.221m) includes £14.882m (22/23 £11.110m) for the impairment losses recognised on receivables arising from contracts with service recipients.

### 19. Cash and Cash Equivalents

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

31st March 2023 £'000		31st March 2024 £'000
-8,730	Cash held by the Authority	-3,488
77,802	Bank current accounts	75,689
<b>69,072</b>	<b>Total Cash and Cash Equivalents</b>	<b>72,201</b>

### 20. Short Term Creditors

31st March 2023 £'000		31st March 2024 £'000
11,806	Central government bodies	14,249
2,736	Other local authorities	2,065
201	NHS bodies	1,801
14	Public corporations and trading funds	0
47,594	Other entities and individuals	58,984
31,803	Receipts in advance	22,498
<b>94,154</b>	<b>Total</b>	<b>99,597</b>

## Notes to the Accounts

### 21. Provisions

#### Short - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2023</b>	1,110	1,315	0	481	2,906
Additional provisions made in 2023/24	0	1,149	0	49	1,198
Amounts used in 2023/24	0	-1,321	0	-159	-1,480
Unused amounts reversed in 2023/24	-1,000	-1,146	0	-47	-2,193
Transfer from long term to short term	0	1,348	0	0	1,348
<b>Balance at 31 March 2024</b>	<b>110</b>	<b>1,345</b>	<b>0</b>	<b>324</b>	<b>1,779</b>

#### Long - term

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	Employee Benefits £'000	Other Provisions £'000	Total £'000
<b>Balance at 1 April 2023</b>	0	3,138	15,132	6,035	24,305
Additional provisions made in 2023/24	0	1,942	0	0	1,942
Amounts used in 2023/24	0	0	0	-340	-340
Unused amounts reversed in 2023/24	0	0	0	-523	-523
Transfer from long term to short term	0	-1,348	0	0	-1,348
<b>Balance at 31 March 2024</b>	<b>0</b>	<b>3,732</b>	<b>15,132</b>	<b>5,172</b>	<b>24,036</b>

#### **Outstanding Legal Cases**

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

#### **Injury and Damage Compensation Claims**

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

## Notes to the Accounts

### Employee Benefits

This is in respect of the potential costs of settling all reasonably expected equal pay compensation claims as they exist at the Balance Sheet date on the basis that following the implementation of an equal pay compliant pay structure a significant element of the potential liability will be settled by way of compensation payment rather than as backpay. An equal pay provision for £15m has been set aside and charged within the 2022/23 statement of accounts albeit after the 31st March 2023 on materiality grounds and that likely liability existed at the Balance Sheet date and was consequently reported to Cabinet during 2023/24 at the earliest opportunity.

### Other Provisions

These amounts are to cover a variety of potential liabilities including land compensation claims following compulsory purchase, potential sums arising out of grant reclaims and obsolete stock. Other provisions include a significant capital provision (£3.769m) for the future remediation and maintenance of major land refuse disposal sites. Of the £3.769m, £1.315m is likely to be settled within the next ten years and the remaining £2.454m over the next forty years.

## 22. Unusable Reserves

Authority 31st March 2023 £'000	Group 31st March 2023 £'000		Authority 31st March 2024 £'000	Group 31st March 2024 £'000
321,149	334,116	Revaluation Reserve	324,552	335,700
921,628	921,628	Capital Adjustment Account	939,415	939,415
-2,255	-2,255	Financial Instruments Adjustment Account	-2,036	-2,036
-76,193	-76,193	Pensions Reserve	-69,993	-69,993
-15,506	-15,506	Accumulated Absences Account	-13,815	-13,815
<b>1,148,823</b>	<b>1,161,790</b>	<b>Total Unusable Reserves</b>	<b>1,178,123</b>	<b>1,189,271</b>

### Revaluation Reserve

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

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

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



## Notes to the Accounts

Restated Authority 2022/23 £'000	Restated Group 2022/23 £'000		Authority 2023/24 £'000	Group 2023/24 £'000
369,420	382,112	<b>Balance at 1st April</b>	321,149	334,116
2,485	2,485	Adjustment for historic cost	0	0
<b>371,905</b>	<b>384,597</b>	<b>Revised Balance at 1st April</b>	<b>321,149</b>	<b>334,116</b>
47,119	47,394	Upward revaluation of assets	42,349	42,349
-80,303	-80,303	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-24,816	-26,635
<b>-33,184</b>	<b>-32,909</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>17,533</b>	<b>15,714</b>
-13,297	-13,297	Difference between fair value depreciation and historical cost depreciation	-13,958	-13,958
-4,275	-4,275	Accumulated gains on assets sold or scrapped	-172	-172
<b>-17,572</b>	<b>-17,572</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>-14,130</b>	<b>-14,130</b>
<b>321,149</b>	<b>334,116</b>	<b>Balance at 31st March</b>	<b>324,552</b>	<b>335,700</b>

During 2022/23 the Council has streamlined the presentation of the Revaluation Reserve in line with a newly implemented CIPFA asset management accounting system and in continued accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The total movement in the upward revaluation of assets in 2022/23 has also been restated with a corresponding amendment to the downward revaluation of assets for an adjustment made in 2022/23 totalling £14.274m.

### **Capital Adjustment Account**

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

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

## Notes to the Accounts

2022/23 £'000		2023/24 £'000
<b>904,661</b>	<b>Balance at 1st April</b>	<b>921,628</b>
-2,485	Adjustment for historic cost	0
<b>902,176</b>	<b>Revised Balance at 1st April</b>	<b>921,628</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
-61,756	Charges for depreciation and impairment of non-current assets	-66,176
-41,675	Revaluation losses(-)/gains on Property, Plant and Equipment	-28,131
-240	Amortisation of intangible assets	-324
-8,644	Revenue expenditure funded from capital under statute (REFCUS)	-9,219
-12,088	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-10,544
<b>-124,403</b>		<b>-114,394</b>
17,572	Adjusting amounts written out of the Revaluation Reserve	14,130
<b>-106,831</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>-100,264</b>
	<b>Capital financing applied in the year:</b>	
7,090	Use of the Capital Receipts Reserve to finance new capital expenditure	5,185
68,529	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	58,379
18,030	Statutory provision for the financing of the capital investment charged against the General Fund and HRA balances	19,537
28,400	Capital expenditure charged against the HRA and General Fund balances	31,414
<b>122,049</b>		<b>114,515</b>
2,987	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,628
1,247	Additions Other	908
<b>921,628</b>	<b>Balance at 31st March</b>	<b>939,415</b>

## Notes to the Accounts

### Pensions Reserve

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

2022/23 £'000		2023/24 £'000
<b>-714,623</b>	<b>Balance at 1st April</b>	<b>-76,193</b>
688,520	Remeasurements of the net defined benefit liability/asset(-)	1,120
-107,100	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-48,270
-500	Past service cost adjustment	-1,490
57,510	Employer's pensions contributions and direct payments to pensioners payable in the year	54,840
<b>-76,193</b>	<b>Balance at 31st March</b>	<b>-69,993</b>

## Notes to the Accounts

### Accumulated Absences Account

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

2022/23 £'000		2023/24 £'000
-13,699	<b>Balance at 1st April</b>	-15,506
13,699	Settlement or cancellation of accrual made at the end of the preceding year	15,506
-15,506	Amounts accrued at the end of the current year	-13,815
-1,807	<b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b>	1,691
-15,506	<b>Balance at 31st March</b>	-13,815

### 23. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2022/23 £'000		2023/24 £'000
4,280	Interest received	12,840
-25,113	Interest paid	-25,074
-20,833		-12,234

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

2022/23 £'000		2023/24 £'000
61,756	Depreciation	66,176
38,689	Impairment and downward revaluations	25,503
240	Amortisation	324
7,251	Increase/decrease(-) in creditors	8,143
-10,956	Increase(-)/decrease in debtors	-11,505
-305	Increase(-)/decrease in inventories	218
50,090	Movement in pension liability	-5,080

## Notes to the Accounts

2022/23 £'000		2022/24 £'000
-12,088	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-10,544
22,482	Other non-cash items charged to the net surplus or deficit on the provision of services	13,646
<b>157,159</b>		<b>86,882</b>

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

2022/23 £'000		2023/24 £'000
-61,060	Any other items for which the cash effects are investing or financing cash flows	-69,273
<b>-61,060</b>		<b>-69,273</b>

### 24. Reconciliation of Liabilities arising from Financing Activities

	2023/24	Financing cash flows	Changes which are not financing cash flows		2023/24
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	691,185	-22,066	0	0	669,119
Short-term borrowings	9,026	4,954	0	0	13,980
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>700,211</b>	<b>-17,112</b>	<b>0</b>	<b>0</b>	<b>683,099</b>
	2022/23	Financing cash flows	Changes which are not financing cash flows		2022/23
	1 April		Acquisition	Other non- financing cash flows	31 March
	£'000		£'000	£'000	£'000
Long-term borrowings	686,669	4,516	0	0	691,185
Short-term borrowings	9,381	-355	0	0	9,026
Lease liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>696,050</b>	<b>4,161</b>	<b>0</b>	<b>0</b>	<b>700,211</b>

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

## Notes to the Accounts

### 25. Trading Operations

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

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

<b>2023/24</b>			
	<b>Turnover</b>	<b>Expenditure</b>	<b>Surplus/- Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Car Parks	5,876	2,352	3,524
Grand Theatre	3,417	4,425	-1,008
Indoor Market	1,004	681	323
Council Catering including school meals	8,022	9,703	-1,681
Trade Waste	2,394	1,977	417
Swansea Marina	686	322	364
	<b>21,399</b>	<b>19,460</b>	<b>1,939</b>

<b>2022/23</b>			
	<b>Turnover</b>	<b>Expenditure</b>	<b>Surplus/- Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Car Parks	4,297	1,974	2,323
Grand Theatre	2,549	3,658	-1,109
Indoor Market	934	1,122	-188
Council Catering including school meals	7,835	8,640	-805
Trade Waste	2,275	1,916	359
Swansea Marina	439	-289	728
	<b>18,329</b>	<b>17,021</b>	<b>1,308</b>

### 26. Members' Allowances

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Allowances	1,930	1,968
Expenses	4	19
<b>Total</b>	<b>1,934</b>	<b>1,987</b>

## Notes to the Accounts

### 27. Officers' Remuneration

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

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

**Table 1 - 2023/24**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (21.3%) £	Total remuneration including pension contributions £
Chief Executive - Martin Nicholls	162,379	0	162,379	31,802	194,181
Interim Director of Corporate Services (a)	48,255	0	48,255	0	48,255
Director of Corporate Services (b)	49,782	0	49,782	10,603	60,385
Director of Finance & Section 151 Officer	125,146	0	125,146	26,656	151,802
Director of Education	119,417	0	119,417	25,436	144,853
Interim Director of Place (c)	115,923	0	115,923	24,692	140,615
Director of Social Services	128,010	0	128,010	27,266	155,276
Head of Digital and Customer Services	98,813	0	98,813	21,047	119,861
Monitoring Officer & Chief Legal Officer	102,695	0	102,695	22,399	125,094
Head of Building Services	83,788	0	83,788	17,847	101,635
Head of Cultural Services	95,475	0	95,475	20,336	115,811
Head of Highways & Transportation	95,475	0	95,475	20,336	115,811
Head of Planning & City Regeneration	95,475	0	95,475	20,336	115,811
Head of Property Services	92,454	0	92,454	19,693	112,147
Head of Waste, Cleansing & Parks	95,475	0	95,475	20,336	115,811
<b>Balance c/f</b>	<b>1,508,562</b>	<b>0</b>	<b>1,508,562</b>	<b>308,786</b>	<b>1,817,348</b>



## Notes to the Accounts

**Table 1 - 2023/24 continued**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (21.3%) £	Total remuneration including pension contributions £
<b>Balance b/f</b>	<b>1,508,562</b>	<b>0</b>	<b>1,508,562</b>	<b>308,786</b>	<b>1,817,348</b>
Head of Commercial Services	83,788	0	83,788	17,847	101,635
Deputy Monitoring Officer & Deputy Chief Legal Officer	89,633	0	89,633	19,092	108,724
Deputy Section 151 Officer & Deputy Chief Finance Officer	77,947	0	77,947	16,603	94,550
Head of Communications & Marketing	83,788	0	83,788	17,847	101,635
Head of Adult Services & Tackling Poverty	89,631	0	89,631	19,091	108,722
Head of Child & Family	95,475	0	95,475	20,336	115,811
Interim Head of Revenues & Benefits	69,183	0	69,183	14,736	83,919
Head of Achievement & Partnership Service	69,183	0	69,183	14,736	83,919
Head of Education Planning & Resources	69,183	0	69,183	14,736	83,919
Head of Vulnerable Learner Service	83,788	0	83,788	17,847	101,635
Head of Human Resources & Service Centre	77,947	0	77,947	16,603	94,550
Head of Integrated Services	52,870	0	52,870	0	52,870
Interim Head of Housing and Public Health (d)	26,956	0	26,956	5,742	32,698
Head of Housing and Public Health (e)	53,057	0	53,057	11,301	64,358
<b>Total</b>	<b>2,530,990</b>	<b>0</b>	<b>2,530,990</b>	<b>515,302</b>	<b>3,046,293</b>

## *Notes to the Accounts*

\* In 2023/24 the Chief Executive received no additional remuneration for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

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

(a) The Interim Director of Corporate Services is the Director of Corporate Services since 11th September 2023.

(b) The Director of Corporate Services commenced on 11th September 2023. The Director of Corporate Services post is a part time post and the Director is working 3 days a week.

(c) The Director of Place commenced on 1st April 2023.

(d) The Interim Head of Housing and Public Health is the Head of Housing and Public Health since 1st August 2023.

(e) The Head of Housing and Public Health commenced on 1st August 2023.

## Notes to the Accounts

The following tables set out the remuneration for:

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

**Table 1 - 2022/23**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
Chief Executive - Phil Roberts * (a)	28,971	0	28,971	0	28,971
Interim Chief Executive - Martin Nicholls (b)	77,881	0	77,881	19,237	97,118
Chief Executive - Martin Nicholls (c)	56,654	0	56,654	13,993	70,647
Deputy Chief Executive & Director of Corporate Services (d)	42,292	0	42,292	10,446	52,738
Interim Director of Corporate Services (e)	118,260	0	118,260	0	118,260
Director of Finance & Section 151 Officer	118,147	0	118,147	29,182	147,329
Director of Education	112,611	0	112,611	27,815	140,426
Director of Place (f)	17,621	0	17,621	4,352	21,974
Interim Director of Place (g)	93,627	0	93,627	23,126	116,752
Director of Social Services	123,681	0	123,681	30,549	154,230
Head of Digital and Customer Services	103,536	0	103,536	25,573	129,109
Monitoring Officer & Chief Legal Officer	103,852	0	103,852	25,573	129,425
Head of Education Planning & Resources Service (h)	7,652	0	7,652	1,801	9,453
Head of Building Services	80,955	0	80,955	19,996	100,951
Head of Cultural Services	92,246	0	92,246	22,785	115,031
<b>Balance c/f</b>	<b>1,177,985</b>	<b>0</b>	<b>1,177,985</b>	<b>254,429</b>	<b>1,432,414</b>

## Notes to the Accounts

**Table 1 - 2022/23 continued**

	Remuneration (including Fees & Allowances) £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions (24.7%) £	Total remuneration including pension contributions £
<b>Balance b/f</b>	<b>1,177,985</b>	<b>0</b>	<b>1,177,985</b>	<b>254,429</b>	<b>1,432,414</b>
Head of Highways & Transportation	92,969	0	92,969	22,785	115,754
Head of Housing & Public Health (i)	12,338	0	12,338	3,048	15,386
Head of Planning & City Regeneration	92,246	0	92,246	22,785	115,031
Head of Property Services	81,494	0	81,494	19,996	101,490
Head of Waste, Cleansing & Parks	92,246	0	92,246	22,785	115,031
Head of Commercial Services	80,955	0	80,955	19,996	100,951
Deputy Monitoring Officer & Deputy Chief Legal Officer	69,983	0	69,983	17,208	87,191
Deputy Section 151 Officer & Deputy Chief Finance Officer	72,488	0	72,488	17,905	90,393
Head of Communications & Marketing	80,955	0	80,955	19,996	100,951
Head of Adult Services & Tackling Poverty	83,778	0	83,778	20,693	104,471
Head of Child & Family	92,191	0	92,191	22,771	114,962
Interim Head of Revenues & Benefits	64,021	0	64,021	15,813	79,834
Interim Head of Service Centre (j)	16,711	0	16,711	4,128	20,838
Head of Achievement & Partnership Service (k)	64,021	0	64,021	15,813	79,834
Interim Head of Education Planning & Resources (l) (n)	11,186	0	11,186	2,763	13,950
Head of Education Planning & Resources (m)	47,499	0	47,499	11,732	59,232
Head of Vulnerable Learner Service (o)	78,134	0	78,134	19,299	97,433
Head of Human Resources & Service Centre (p)	57,990	0	57,990	14,324	72,314
Interim Head of Integrated Services (q)	12,144	0	12,144	0	12,144
Head of Integrated Services (r)	36,399	0	36,399	0	36,399
Interim Head of Housing and Public Health (s)	55,685	0	55,685	13,754	69,440
<b>Total</b>	<b>2,473,419</b>	<b>0</b>	<b>2,473,419</b>	<b>562,022</b>	<b>3,035,441</b>

## Notes to the Accounts

\* In 2022/23 the Chief Executive received additional remuneration of £2,134.00 for Returning Officer Fees relating to General and European Elections. There is no additional remuneration to the Chief Executive for any local elections.

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

- (a) The Chief Executive retired on 29th May 2022.
- (b) The Interim Chief Executive commenced on 23rd May 2022.
- (c) The Interim Chief Executive is the Chief Executive since 21st November 2022.
- (d) The Deputy Chief Executive & Director of Corporate Services left the Authority on 31st July 2022.
- (e) The Interim Director of Corporate Services commenced on 11th July 2022 under a contract for services via a third party and not as a direct paid employee. Consequently there were no pension costs incurred as they were not eligible to participate in the LGPS in 2022/23.
- (f) The Director of Place is the Interim Chief Executive since 23rd May 2022.
- (g) The Interim Director of Place commenced on 23rd May 2022.
- (h) The Head of Education Planning & Resources Service retired on 30th April 2022.
- (i) The Head of Housing & Public Health is the Interim Director of Place since 23rd May 2022.
- (j) The Interim Head of Service Centre finished on 30th June 2022.
- (k) The Head of Achievement & Partnership Service commenced on 1st April 2022.
- (l) The Interim Head of Education Planning & Resources commenced on 1st May 2022.
- (m) The Head of Education Planning & Resources commenced on 4th July 2022.
- (n) The Interim Head of Education Planning & Resources is the Head of Education Planning & Resources since 4th July 2022.
- (o) The Head of Vulnerable Learner Service commenced on 1st April 2022.
- (p) The Head of Human Resources & Service Centre commenced on 13th June 2022.
- (q) The Interim Head of Integrated Services commenced on 1st April 2022.

## Notes to the Accounts

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

2022/23 Number of employees	Remuneration Band	2023/24 Number of employees
64	£60,000 - £64,999	72
42	£65,000 - £69,999	57
25	£70,000 - £74,999	45
19	£75,000 - £79,999	22
10	£80,000 - £84,999	23
7	£85,000 - £89,999	6
5	£90,000 - £94,999	10
3	£95,000 - £99,999	11
3	£100,000 - £104,999	2
1	£105,000 - £109,999	3
5	£110,000 - £114,999	5
1	£115,000 - £119,999	4
0	£120,000 - £124,999	2
0	£125,000 - £129,999	3
1	£140,000 - £144,999	1
0	£160,000 - £164,999	1
<b>186</b>	<b>Total</b>	<b>267</b>

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

The numbers shown relate to Authority employees, which predominantly include teaching staff. The bandings above include ten teachers (2022/23 ten teachers) who are employed by voluntary aided schools. Senior Officers' remunerations are shown in the tables on pages 104 to 109.

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

In 2023/24 the remuneration of the Chief Executive was £162,518 (2022/23 £156,887). This was 5.5 times (2022/22 5.7 times) the median remuneration of the organisation, which was £29,698 (2022/23 £27,313).

## Notes to the Accounts

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

2023/24				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	16	14	30	173
£20,001 - £40,000	0	16	16	449
£40,001 - £60,000	1	2	3	141
£60,001 - £80,000	0	3	3	210
£80,001 - £100,000	0	1	1	84
£100,001 - £150,000	0	1	1	133
£150,001 - £200,000	0	1	1	184
£250,001 - £300,000	0	1	1	255
<b>Total</b>	<b>17</b>	<b>39</b>	<b>56</b>	<b>1,629</b>

2022/23				
Exit package cost band (including special payments)	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £20,000	4	8	12	83
£20,001 - £40,000	0	12	12	366
£40,001 - £60,000	0	3	3	154
£60,001 - £80,000	0	4	4	288
£80,001 - £100,000	0	4	4	353
£100,001 - £150,000	0	3	3	380
£150,001 - £200,000	0	1	1	158
<b>Total</b>	<b>4</b>	<b>35</b>	<b>39</b>	<b>1,782</b>

The average payback period against all early retirement / voluntary redundancy packages agreed for 2023/24 is less than 1 year.

## Notes to the Accounts

### 28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23 and 2023/24:

Restated 2022/23 £'000		2023/24 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
143,425	Council Tax Income	151,483
89,167	Non Domestic Rates	79,002
297,425	Revenue Support Grant	339,280
0	Covid-19 Council Tax Loss Support Grant	-436
2,299	21st Century Schools Programme, Childcare Grant and Community Hub grant	-391
1,949	Local Transport Fund and Local Transport Network Fund	5,086
6,348	Active Travel Fund	4,440
9,283	Housing MRA Grant	9,280
207	Road Safety/Safe Route in Communities	0
4,375	General Capital Grant	1,498
3,610	Schools Capital Maintenance grant	583
0	European Regional Development Fund	0
1,814	Coastal Risk Management Programme	88
0	Reducing Infant Class sizes	29
677	Housing Homelessness Capital Grant	0
4,625	City Deal Grant	12,677
827	Gifted Assets	777
525	Flying Start	0
2,527	Free School Meals (capital)	0
0	Electric Charging points grants	454
1,953	HRA Social Housing Grant (capital)	1,221
5,304	Transforming Towns grant (capital)	247
359	WG - Safe Routes in Communities	123
139	WEFO Kingsway project	0
2	WG - Swansea Valleys task force COVID recovery fund	0
150	Ultra Low Emission Vehicles - 2 Sweepers	0
243	WG Post-16 Life long learning	0
551	WG 20mph national speed limit rollout	1,825
2,603	WG Optimised Retrofit Prog (ORP) - HRA	3,045
751	WG Fire Safety High Rise Flats - HRA	0
2,889	WG Transitional Accommodation Capital Programme Grants - HRA	2,292
0	WG Land and Buildings Development Fund	1,263
0	WG WHQS Implementation Grant	225
100	Small Scale Infrastructure Grant	0
395	Housing with Care Fund Hendy Cottages	571
85	Brilliant Basics Fund Changing Places Toilets	187



## Notes to the Accounts

Restated 2022/23 £'000		2023/24 £'000
1,145	Community Focussed Schools (CFS)	400
292	Additional Learning Needs (ALN)	1,318
2,710	Other Grants and Contributions	10,080
<b>588,754</b>		<b>626,647</b>
	<b>Credited to Services</b>	
33,511	Rent allowance subsidy	33,956
26,414	Rent rebate subsidy	26,492
10,744	Children and Communities Grant	11,554
21,036	Housing Support Grant	21,348
550	Department for Children, Education, Lifelong Learning and Skills	
482	Environment and Sustainable Development Grant (ESD)	871
863	Housing Benefit Administration	863
5,517	Concessionary fares	4,646
9,268	Pupil Deprivation Grant	9,364
1,176	Communities for Work	
305	Cynnydd Project (ESF)	295
377	Rural Development Plan	89
617	Bus Services Support Grant (BSSG)	573
3,759	Free Childcare	1,542
3,562	Sustainable Social Services	3,551
455	ENABLE grant	455
1,134	Sustainable Waste Management Grant (SWMG)	1,122
348	Affordable Housing Grant	347
2,220	Teacher Pay and Pensions	1,573
850	Professional Learning Fund	862
701	Social Care Wales Workforce Development Programme	647
758	Youth Support Group	816
461	Unaccompanied Asylum Seekers	565
185	Reducing Infant Class Sizes	
392	Targeted Regeneration Investment Programme	1,714
913	Targeted Regeneration Investment - Property Enhancement Development Grant	2,277
3,695	Covid Grant	0
9,585	Local Authority Education Grant	9,789
-1,513	Cost of Living Support Scheme	0
256	Cost of Living Support Scheme Admin	0
62	Self Isolation & Winter Fuel Admin	0
952	Transforming Towns	5,528
609	Community Renewal Fund	0
205	Kickstart Scheme	24
8,462	School Improvement Grant	8,088

## Notes to the Accounts

Restated 2022/23 £'000		2023/24 £'000
	<b>Credited to Services</b>	
6,686	Department for Children, Education, Lifelong Learning and Skills	7,125
2,638	Flying Start	2,689
0	Accelerated Learning Programme	2,496
236	Music Grant	449
7,215	Regional Investment Fund	7,554
779	Ukraine Support Scheme	1,062
515	Eliminate Profit	2,280
962	Welsh Vaccination Certification Service	457
0	Shared Prosperity Fund	8,046
119	Radical Reform*	1,045
261	Home Office Full Dispersal Grant*	671
489	Youth Justice Grant*	517
429	Small Grant Scheme - 30 Hour Childcare*	512
0	General Capital Grant	5,029
13,424	Other Grants*	13,272
<b>182,664</b>		<b>202,155</b>

\*A number of grants that were included in the line 'Other Grants' in 2022/23 have become significant enough in 2023/24 to be separately identified. Therefore the line 'Other Grants' has been restated to reflect the transfer of those grants now shown on separate lines.

### 29. Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

#### a) Central Government

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

#### b) Charitable and Voluntary Bodies

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

## Notes to the Accounts

### c) Other Bodies

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

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

A full listing can be obtained from the Finance department, Guildhall, Swansea, SA1 4PE and on the Authority's website ([www.swansea.gov.uk/councillors](http://www.swansea.gov.uk/councillors)).

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

Levies / Contributions paid to the three bodies were:-

Mid and West Wales Fire Authority:-	£17.122m (2022/23: £14.692m)
Swansea Bay Port Health Authority:-	£0.089m (2022/23: £0.088m)
South West Wales Corporate Joint Committee:-	£0.212m (2022/23: £0.200m)

The Authority is responsible for the collection of Council Taxes on behalf of the South Wales Police Authority. The total collected and paid over to the South Wales Police Authority for 2023/24 was £29.674m (2022/23 £28.131m).

### d) Subsidiary, Associates and Joint Ventures

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

#### The National Waterfront Museum Swansea - Joint Venture

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

The purpose of the Company was to develop the National Industrial and Maritime Museum at Swansea which opened in Spring 2006. The original funding for developing the Museum was from Welsh Government, the National Museums and Galleries of Wales, the former Welsh Development Agency and the Heritage Lottery Fund. Funding for current expenditure incurred is split equally between Amgueddfa Cymru and Swansea Council.

## *Notes to the Accounts*

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

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

A contribution of £2,450 was made in 2023/24 (2022/23 £2,450) to National Waterfront Museum Swansea towards 50% of the governance costs of the charitable company. There was an outstanding creditor of £2,200 as at 31st March 2024 (2022/23 £2,112). There was an outstanding debtor of £44,463 as at 31st March 2024 (2022/23 £45,112). The charitable company is deemed to be influenced significantly by the Authority through its representation on the Board of Trustees.

The net assets of the National Waterfront Museum Swansea at 31st March 2024 are £17,170,005 (2022/23 £17,515,048).

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

### **The Wales National Pool (Swansea) - Joint Venture**

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

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

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

The pool complex was opened in April 2003.

## Notes to the Accounts

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

2022/23 £'000		2023/24 £'000
503	Funding provided by the Authority towards operating costs of the pool	650
47	Sum paid for the free use of the pool by schools and other bodies	46
-1,075	Recharges of wages, salaries and other costs to the Company	-1,121

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

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

There was an outstanding debtor of £88k (2022/23 £175k) and outstanding creditors of zero (2022/23 £252k) as at 31st March 2024. The 22/23 creditor amount has been restated to only include Wales National Pool (Swansea) creditors.

The net assets of Wales National Pool (Swansea) Limited at 31st March 2024 were £2,189,000 (2022/23 £2,697,000).

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

### Swansea Community Energy & Enterprise Scheme (SCEES) - Associate

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

By agreement with SCEES £5,000 of the initial investment is repaid each year. The balance of shares now owned by the Authority is 70,000 shares of £1 each.

The Company has 7 Directors, one of which is a Cabinet Member of Swansea Council.

There was an outstanding debtor of £4,125 at 31st March 2024 (2022/23 £5,550) and no outstanding creditors at 31st March 2024 (2022/23 zero).

## Notes to the Accounts

The net assets of Swansea Community Energy & Enterprise Scheme at 31st March 2024 were £388,691 (2022/23 £435,435).

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

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

### e) Other Organisations

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

A relation of a member of the Senior Management Team has provided therapy services to Western Bay Adoption Services via her own business. The amount paid for services provided in 2023/24 was £4,125 (2022/23 £14,834.50). There were outstanding creditors of zero (2022/23 £0). The senior manager's interest in this company was properly recorded in the Register of interests.

A relation of a member of the Senior Management Team has provided artwork and workshops to the Authority via their own business. The amount paid for services provided in 2023/24 was £150 (2022/23 £23,010). There were outstanding creditors of zero (2022/23 £0). The senior manager's interest in this company was properly recorded in the Register of interests.

During 2023/24 one member was employed by The Penllergaer Trust and another member held the position of Trustee. The amount paid in 2023/24 was £24,239.58 (2022/23 £16,452.05). The members' interests in this company were properly recorded in the Register of members interests which is available on the Authority's public website.

During 2023/24 a member held the position of Treasurer (Trustee) in Pontarddulais Partnership. The amount paid in 2023/24 was £22,278 (2022/23 13,742.50). The member's interest in this company was properly recorded in the Register of members interests which is available on the Authority's public website.

During 2023/24 a member held the position of Chair in Swansea Canal Society. The amount paid in 2023/24 was £91,335.40 (2022/23 £0). The member's interest in this company was properly recorded in the Register of members interests which is available on the Authority's public website.

During 2023/24 a member held the position of Trustee in Citizens Advice Bureau. The amount paid in 2023/24 was £181,268.96 (2022/23 £128,766.81). The member's interest in this company was properly recorded in the Register of members interests which is available on the Authority's public website.

## *Notes to the Accounts*

### **f) Duties imposed on Council Directors**

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

### **g) Pension Fund**

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

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

The Pension Fund currently has 55 scheduled and admitted bodies. Management of the Pension Fund is undertaken by a committee. The committee is advised by the consultancy company, Hymans Robertson LLP.

### **h) Swansea Bay City Deal**

The Swansea Bay City Deal is a £1.3bn investment in nine major projects across the Swansea Bay City Region - which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David. Within the Joint Committee Agreement there is acknowledgement that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme, as well as a 1.5% "Top Slice" being applied to programme/project City Deal grant awards. Swansea Council's partnership contribution is fully paid up to 31st March 2024. The Swansea Bay City Deal received the grant award offer letter on 31st August 2023, with subsequent acceptance in November 2023.

As at the 31st March 2024, City Deal grant funding was awarded to Swansea Council for expenditure incurred in 2023/24 (£12,432,956), the associated top slice contribution was expended (£189,334). It was considered appropriate to include a debtor for the interest receivable (£747,013) in the accounts to 31st March 2024. As agreed by the Joint Committee (JC - 11th June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to authorities on a programme/project basis aligned to their allocated grant.

In 2023/24 the City Deal grant funding of £4,957,677 was received relating to 2022/23 income accrued.

Under the agreement of the Joint Committee (JC - 9th July 2020) costs in respect of the provision of support services by local authorities to the Swansea Bay City Deal were reincluded within the Joint Committee budget allowing for the recharge of those functions by authorities. As such expenditure was recharged during the financial year by Swansea Council for legal and democratic services in respect of the Joint Committee (£66,407).

## Notes to the Accounts

### 30. Group Accounts

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

- National Waterfront Museum Swansea - Draft Accounts for the year ending 31st March 2024.
- Wales National Pool Swansea - Management Accounts for the year ending 31st March 2024.

The Wales National Pool Swansea financial year operates from the 1st August to the 31st July. The National Waterfront Museum Swansea financial year operates from 1st April to the 31st March. In the opinion of the Authority the use of the above information is likely to adequately reflect the extent and nature of group income and expenditure and assets and liabilities that exist as at 31st March 2024 and the use of current information would not be significant in relation to the group position as stated.

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

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

31st March 2023 £'000		31st March 2024 £'000
1,430,652	Swansea Council (Parent)	1,461,527
8,758	National Waterfront Museum Swansea (Joint Venture)	8,585
14,315	Wales National Pool (Joint Venture)	12,243
<b>1,453,725</b>	<b>Net Assets Employed (exc. Pension Fund) *</b>	<b>1,482,355</b>
-76,193	Net Group Pension Fund Liabilities	-69,993
<b>1,377,532</b>	<b>Net Assets Employed</b>	<b>1,412,362</b>

\* Some of the component Group assets have been valued on a different basis to that used by the Authority. If the Wales National Pool had been valued at depreciated replacement cost then the asset would have a value of £24.520m.

\* The Wales National Pool currently has a net book value in the region of £2.2m. Given the material scale of the difference in value the Authority has restated their share of the higher valuation which results in an unrealised gain of £11.149m. It is expected that under the terms of the agreement the final value at the end of the lease (31st March 2026) will be zero. Therefore the difference in book valuations will be fully amortised by the 2025/26 Statement of Accounts.

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



## Notes to the Accounts

### 31. Agency Services

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

2023/24						
Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	0	0	0	0	0
Welsh Government	Covid-19 Carers Payments grant	0	0	0	0	0
Welsh Government	Covid-19 Statutory Sick Pay Support grant	0	0	0	0	0
Welsh Government	Covid-19 Self isolation payments	0	0	0	0	0
Welsh Government	Covid-19 Unpaid Carers payments	0	0	0	0	0
Welsh Government	Bus Services Support grant	3,935	-4,598	0	663	-3,935
Welsh Government	Bus Emergency Scheme grant	1,150	-1,150	0	0	-1,150
Welsh Government	Bus Transition Fund grant	6,169	-7,031	0	862	-6,169
Welsh Government	Town Centre loans	1,680	0	0	0	0
Welsh Government	Welsh Government Owner Occupier Loans	4	0	0	0	0
Welsh Government	Welsh Government Landlord Loans	-601	0	0	0	0
Welsh Government	Substance Misuse Action Team Capital grant	208	0	-208	0	-208
Welsh Government	Ukraine Initial Payments	6	-6	0	0	-6
Welsh Government	Cost of Living payments	0	0	0	0	0
Welsh Government	Fuel Support payments	1	-57	0	56	-1
UK Government	Energy Bills Support Scheme (Alternative Funding) payments	837	-837	0	0	-837
UK Government	Ukraine Host Payments	281	-281	0	0	-281
UK Government	Shared Prosperity Fund	39,491	-39,491	0	0	-39,491
UK Government	Additional Fuel payments (Alternative Fund)	135	-135	0	0	-135
		<b>53,296</b>	<b>-53,586</b>	<b>-208</b>	<b>1,581</b>	<b>-52,213</b>

## Notes to the Accounts

### 2022/23 Comparative figures

Agency	Description	Expenditure £'000	Grant Income Received £'000	Grant Debtors £'000	Grant Creditors £'000	Total Grant £'000
Welsh Government	Covid-19 Business Support grant	10	-10	0	0	-10
Welsh Government	Covid-19 Carers Payments grant	1,246	0	-1,246	0	-1,246
Welsh Government	Covid-19 Statutory Sick Pay Support grant	308	-308	0	0	-308
Welsh Government	Covid-19 Self isolation payments	1,178	-1,178	0	0	-1,178
Welsh Government	Covid-19 Unpaid Carers payments	1,727	-1,727	0	0	-1,727
Welsh Government	Bus Services Support grant	4,623	-4,623	0	0	-4,623
Welsh Government	Bus Emergency Scheme grant	12,054	-11,054	-1,000	0	-12,054
Welsh Government	Town Centre loans	835	0	0	0	0
Welsh Government	Welsh Government Owner Occupier Loans	63	0	0	0	0
Welsh Government	Welsh Government Landlord Loans	-56	0	0	0	0
Welsh Government	Substance Misuse Action Team Capital grant	46	-46	0	0	-46
Welsh Government	Ukraine Initial Payments	79	-79	0	0	-79
Welsh Government	Cost of Living payments	13,616	-13,616	0	0	-13,616
Welsh Government	Fuel Support payments	5,838	-5,838	0	0	-5,838
UK Government	Energy Bills Support Scheme (Alternative Funding) payments	114	-951	0	837	-114
UK Government	Ukraine Host Payments	348	-348	0	0	-348
UK Government	Additional Fuel payments (Alternative Fund)	1	-136	0	135	-1
		<b>42,030</b>	<b>-39,914</b>	<b>-2,246</b>	<b>972</b>	<b>-41,188</b>

## *Notes to the Accounts*

### **Covid-19 Business Support grant**

There were various rounds of grant support and differing criteria for each grant. Grants were payable to businesses of specific types (e.g. retail, hospitality, leisure) that were liable for Non-Domestic rates. Broad guidance was issued by Welsh Government to aid local authorities in administering each round of grants. Other discretionary grants were also payable in other circumstances not related to liability for Non-Domestic rates. There were no payments made in 2023/24 however there may be some debts to be written off in the coming year if recovery is unsuccessful.

In 2022/23 there was 1 payment.

### **Covid-19 Carers Payments grant**

There have been three schemes to provide additional payments to Social Care workers during the course of the pandemic. The first two schemes were accounted for in 2020/21. A third scheme was announced in March 2022 and was largely accounted for in 2021/22. The amounts accounted for in 2022/23 are the difference between the Welsh Government estimates of the scheme value and the actual amounts paid. The scheme was administered by the Council.

### **Covid-19 Statutory Sick Pay Support grant**

The statutory sick pay enhancement scheme supports social care workers who only get statutory sick pay when absent or are not eligible for SSP. It provides funding to allow employers to pay eligible workers at full pay if they cannot work due to Covid-19. The scheme ceased in 2022/23.

### **Covid-19 Self isolation payments**

Payments of £500 were issued on behalf of Welsh Government to people required to self isolate as a result of contracting Covid-19 or coming into contact with a person with Covid-19. Eligibility for these payments was expanded a number of times after the scheme was implemented and again, Welsh Government provided guidance documents to aid local authorities with their administration. There were no payments made in 2023/24.

In 2022/23 there were a total of 2,374 payments.

### **Covid-19 Unpaid Carers payments**

A one-off £500 payment was made available by Welsh Government (administered by Local Authorities) for unpaid carers receiving Carer's Allowance on 31st March 2022. Welsh Government provided guidance documents to aid local authorities with their administration. There were no payments made in 2023/24. In 2022/23 3,449 payments were made.

## *Notes to the Accounts*

### **Bus Services Support grant**

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

To provide a subsidy to local bus and community transport operators through the Live Kilometre Support Grant (LKSG) and secondly to provide funding to the four local authorities to support local bus and community transport services in their areas through the Local Transport Services Grant (LTSG).

In 2023/24, there were approximately 104 financial transactions (2022/23 approximately 206 financial transactions). This reduction is as a result of reverting the payments to the local bus and community transport operators to quarterly from monthly.

### **Bus Emergency Scheme grant**

This is a Welsh Government grant that Swansea Council administered on behalf of the South West Wales Region between 1st April and 24th July 2023 (inc). It was replaced by the Bus Transition Fund from 25th July 2023.

The Bus Emergency Scheme provided additional funding to local bus operators to make up for the reduction in 'on bus' revenue as passenger numbers continued to improve post-Covid.

For the four months in 2023/24 when the grant was in place, there were approximately 63 transactions (full year of 2022/23 approximately 160 transactions).

### **Bus Transition Fund grant**

This is another Welsh Government grant that Swansea Council administered on behalf of the South West Wales Region and was in place between 25th July 2023 and 31st March 2024 (inc). It replaced the Bus Emergency Scheme.

Like its predecessor, it provided additional funding to local bus operators to make up for the reduction in 'on bus' revenue as passenger numbers continued to improve post-Covid.

For the nine months in 2023/24 when the grant was in place, there were approximately 140 transactions.

### **Town Centre Loans**

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

### **Welsh Government Owner Occupier Loans**

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

## *Notes to the Accounts*

### **Welsh Government Landlord Loans**

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

### **Substance Misuse Action Team Capital grants**

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

### **Cost of Living payments**

The Welsh Government set up a Cost-of-Living Support Scheme to be administered on its behalf by local authorities and it provided guidance to support the process. The scheme was split into mandatory and discretionary parts. £150 payments were made to eligible households under the main scheme. The Discretionary Scheme could then be used by each local authority to support households it considered to be in need of assistance with their living costs, including households eligible for support under the main scheme. Each local authority determined its use of discretionary support as it deemed appropriate to address known, and identified, local needs. There were no payments made in 2023/24. In 2022/23 127,848 payments were made.

### **Fuel Support payments**

Eligible households could claim a one-off £200 payment from their local authority to provide support towards paying their fuel costs. The payment was available to all eligible households however they paid for their fuel, whether that is, for example, on a pre-payment meter, by direct debit or by paying a bill quarterly and regardless of whether they are using on or off-grid fuel. Welsh Government provided guidance documents to aid local authorities with their administration. The scheme continued at the start of 2023/24 but has since ceased.

In 2022/23 29,192 payments were made.

### **Energy Bills Support Scheme (Alternative Funding) payments**

The Energy Bills Support Scheme Alternative Funding (EBSS AF) was a one-off £400 non-repayable payment to eligible households who had not received the main EBSS payment automatically (such as park home residents) to help with their energy bills. LAs were responsible for distributing the EBSS AF payments to eligible applicants and guidance was provided by the Department for Energy and Industrial Strategy (BEIS) to support the process.

In 2022/23, 286 payments were made (the scheme continued at the start of 2023/24 but has since ended).

## *Notes to the Accounts*

### **Alternative Fuel Payments (Alternative Fund) payments**

The Alternative Fuel Payment Alternative Fund (AFP AF) provided a payment of £200 for households that use alternative fuels – such as heating oil, biomass and liquefied petroleum gas (LPG) – as the main source of heating and had not received the main AFP to help with their energy bills as they did not have a direct relationship with an electricity supplier. LAs were provided with guidance by the Department for Energy Security and Net Zero to aid the administration of the scheme.

In 2022/23, 7 payments were made (the scheme continued at the start of 2023/24 but has since ended).

### **Shared Prosperity Fund (SPF)**

The UK Shared Prosperity Fund is a central pillar of the UK Government's Levelling Up agenda and provides £2.6 billion across the UK, of funding for local investment by March 2025.

Swansea Council has been nominated to act as the lead authority on behalf of the South West Wales region.

### **Ukraine Initial Payments**

Welsh Government has provided a £200 per person payment to refugees recently arrived from Ukraine. This is meant to support citizens with their initial housing costs as they transfer from hosted accommodation.

### **Ukraine Host Payments**

The UK Government provides £350 per month for those who host Ukrainian refugees for a period of at least six months. These payments are administered by the Council and follow UK Government advice.

## Notes to the Accounts

### 32. Capital Expenditure and Capital Financing

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

2022/23 £'000		2023/24 £'000
<b>628,973</b>	<b>Opening Capital Financing Requirement</b>	<b>629,809</b>
0	Adjustment for Revenue Expenditure Funded from Capital under Statute	-17
<b>628,973</b>	<b>Adjusted Opening Capital Financing Requirement</b>	<b>629,792</b>
	<b>Capital investment</b>	
114,795	Property, Plant and Equipment	124,337
468	Heritage Assets	180
0	Investment Properties	0
226	Intangible Assets	30
8,644	Revenue Expenditure Funded from Capital under Statute	9,219
	<b>Sources of finance</b>	
-7,090	Capital receipts	-5,185
-69,777	Government grants and other contributions	-58,329
	Sums set aside from revenue:	
-28,400	Direct revenue contributions	-31,414
-18,030	MRP/loans fund principal	-19,537
<b>629,809</b>	<b>Closing Capital Financing Requirement</b>	<b>649,093</b>
	<b>Explanation of movements in year</b>	
2,206	Increase in underlying need to borrowing	34,012
40	Assets acquired under finance leases	38
-1,410	Other movements in year	-14,749
<b>836</b>	<b>Increase/decrease(-) in Capital Financing Requirement</b>	<b>19,301</b>

The Opening Capital Finance Requirement for 2023/24 has been restated to correct a prior period adjustment error of £17k.

### **33. Termination Benefits**

During 2023/24 the Authority incurred significant expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

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

Costs were incurred relating to redundancy payments and early access to pension costs totalling £1.629m (2022/23 £1.782m) for the year.

These costs include provision for costs for a limited number of employees whose service will be terminated in 2024/25 but who had been offered - and accepted - severance terms as at 31st March 2024.

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

The above costs include both teaching and non teaching staff.

### **34. Pension Schemes Accounted for as Defined Contribution Schemes**

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

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



## Notes to the Accounts

The scheme has in excess of 12,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31st March 2024, the Authority's own contributions equate to approximately 0.3%.

In 2023/24 the Authority paid £22m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay. The figures for 2022/23 were £21m and 23.7%. The March 2024 contributions of £1,879,296 were paid on the 15th April 2024. The contributions due to be paid in the next financial year are estimated to be £27.6m at an employer rate of 28.68%.

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

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

### 35. Defined Benefit Pension Schemes

#### Participation in Pension Schemes

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

The Authority participates in two post-employment schemes:

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

## *Notes to the Accounts*

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

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

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

### **Discretionary Post-retirement Benefits**

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

### **Transactions Relating to Post-employment Benefits**

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

## Notes to the Accounts

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24 £m	2022/23 £m	2023/24 £m	2022/23 £m
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Net Cost of Services:</b>				
Current service cost	45.95	88.57	0.00	0.00
Past service costs	0.84	0.50	0.65	0.00
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	-1.14	16.22	3.46	2.31
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>45.65</b>	<b>105.29</b>	<b>4.11</b>	<b>2.31</b>
<b>Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>				
<b>Remeasurement of the net defined benefit liability comprising:</b>				
Return on plan assets	-155.68	24.29	0.00	0.00
Actuarial gains(-) and losses arising on changes in demographic assumptions	-25.27	23.83	-1.63	-0.39
Actuarial gains(-) and losses arising on changes in financial assumptions	-57.90	-867.62	-1.12	-16.20
Other	242.16	139.81	-1.68	7.76
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>48.96</b>	<b>-574.40</b>	<b>-0.32</b>	<b>-6.52</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	-45.65	-105.29	-4.11	-2.31
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to the scheme	48.96	51.97		
Retirement benefits payable to pensioners			5.88	5.54

## Notes to the Accounts

### Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24 £m	2022/23 £m	2023/24 £m	2022/23 £m
Present value of the defined benefit obligation	1,636.05	1,620.29	70.00	76.20
Fair value of plan assets	1,884.81	1,646.12	0.00	0.00
<b>Sub total</b>	<b>248.76</b>	<b>25.83</b>	<b>-70.00</b>	<b>-76.20</b>
Unrecognised asset	248.76	25.83	0.00	0.00
<b>Net liability arising from defined benefit obligation</b>	<b>0.00</b>	<b>0.00</b>	<b>-70.00</b>	<b>-76.20</b>

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24 £m	2022/23 £m	2023/24 £m	2022/23 £m
Opening fair value of scheme assets	1,646.12	1,610.24	0.00	0.00
Interest income	77.52	43.71	0.00	0.00
Remeasurement gain/loss(-):				
The return on plan assets, excluding the amount included in the net interest expense	155.68	-24.29	0.00	0.00
Contributions from employer	48.96	51.97	5.88	5.54
Contributions from employees into the scheme	14.26	13.25	0.00	0.00
Benefits paid	-57.73	-48.76	-5.88	-5.54
<b>Closing fair value of scheme assets</b>	<b>1,884.81</b>	<b>1,646.12</b>	<b>0.00</b>	<b>0.00</b>

## Notes to the Accounts

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2023/24 £m	2022/23 £m	2023/24 £m	2022/23 £m
Opening Balance at 1st April	1,620.29	2,236.61	76.20	88.26
Current service cost	45.95	88.57	0.00	0.00
Interest cost	75.17	59.93	3.46	2.31
Contributions from scheme participants	14.26	13.25	0.00	0.00
Remeasurement gains(-) and losses:				
Actuarial gains/losses arising from changes in demographic assumptions	-25.27	23.83	-1.63	-0.39
Actuarial gains/losses arising from changes in financial assumptions	-57.90	-867.62	-1.12	-16.20
Other	20.44	113.98	-1.68	7.76
Past service cost	0.84	0.50	0.65	0.00
Benefits paid	-57.73	-48.76	-5.88	-5.54
<b>Closing balance at 31st March</b>	<b>1,636.05</b>	<b>1,620.29</b>	<b>70.00</b>	<b>76.20</b>

### Local Government Pension Scheme assets comprised:

	Fair value of scheme assets	
	2023/24 £'000	2022/23 £'000
Cash and cash equivalents	9,969	9,044
	<b>9,969</b>	<b>9,044</b>
Pooled Equity Investment Vehicles		
- UK	0	0
- Global *	1,198,828	1,047,932
	<b>1,198,828</b>	<b>1,047,932</b>
Property	53,763	56,666
	<b>53,763</b>	<b>56,666</b>

## Notes to the Accounts

	Fair value of scheme assets	
	2023/24 £'000	2022/23 £'000
Fixed Interest:		
- Fixed Interest	157,826	177,565
- Index-Linked	14,947	15,681
	<b>172,773</b>	<b>193,246</b>
Hedge Funds	37,744	34,676
	<b>37,744</b>	<b>34,676</b>
Private Equity	144,853	124,061
	<b>144,853</b>	<b>124,061</b>
Infrastructure	87,481	60,722
	<b>87,481</b>	<b>60,722</b>
Private Debt	44,721	40,063
	<b>44,721</b>	<b>40,063</b>
Residential Housing	19,494	12,836
	<b>19,494</b>	<b>12,836</b>
Timberland & Farmland	45,633	77
	<b>45,633</b>	<b>77</b>
Trade Finance	62,090	57,873
	<b>62,090</b>	<b>57,873</b>
Derivatives	5,437	6,510
	<b>5,437</b>	<b>6,510</b>
Cash Funds	0	0
	<b>0</b>	<b>0</b>
Cash - Dividends Due	66	2
	<b>66</b>	<b>2</b>
Net Current Assets	1,959	2,404
	<b>1,959</b>	<b>2,404</b>
<b>Total Assets</b>	<b>1,884,811</b>	<b>1,646,112</b>

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

## Notes to the Accounts

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The significant assumptions used by the Actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24	2022/23	2023/24	2022/23
Mortality assumptions:				
Longevity at 65 for current pensioners: (years)				
- Men	21.7	22.2	21.7	22.2
- Women	24.3	24.7	24.3	24.7
Longevity at 65 for future pensioners: (years)				
- Men	22.4	22.9		
- Women	25.3	25.8		
Rate of inflation %	2.6	2.7	2.6	2.7
Rate of increase in salaries %	4.1	4.2		
Rate of increase in pensions %	2.6	2.7	2.6	2.7
Rate for discounting scheme liabilities %	4.8	4.7	4.8	4.7

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

## Notes to the Accounts

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £m	Decrease in Assumption £m
Longevity (increase or decrease in 1 year)	1,591.88	1,680.22
Rate of increase in salaries (increase or decrease by 0.1%)	1,640.96	1,632.78
Rate of increase in pensions (increase or decrease by 0.1%)	1,658.95	1,611.51
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	1,608.24	1,663.86

### Asset and Liability Matching (ALM) Strategy

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

As is required by the pensions and investment regulations the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (70.8% of scheme assets) and bonds (0.9%). These percentages are materially the same as the comparative year. The scheme also invests in properties as a part of the diversification of the scheme's investments. There is a limited use of derivatives to manage the bond risk for the shorter-term instruments. The ALM strategy is monitored annually or more frequently if necessary.

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The next triennial valuation is as at 31st March 2025.



## Notes to the Accounts

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

The Authority expects to pay £50.09m contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 17.2 years (2022/23 17.5 years).

### 36. Contingent Liabilities

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

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Personal Social Services	Unknown	Relates to potential negligence claims relating to those cared for by the Council or its contractors. The Authority is not currently aware of any major claims although court ruling against UK government covid discharge policies may increase the future risk of claims.	Unknown
Legal and Insurance related matters	Unknown	The Council is regularly challenged on a range of issues that are either subject to litigation or insurance claims. The Council at all times will vigorously defend such claims, and in cases where claims are identified, the result can be anticipated and the potential financial effect evaluated then adequate provision is made with the Accounts for any such liabilities. There remains the possibility however of future claims arising as a result of past actions that are either unknown at the Balance Sheet date or where the outcome is so unpredictable in terms of outcome or financial liability that no reliable estimate of liability can be made.	Unknown

## Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
City Deal	Circa £5-£10m	The Council has progressed a range of regeneration and redevelopment schemes within the City Centre using a mix of its own funds and Welsh Government support and significant City Deal monies have now started to arrive. There is however a residual risk that if the required private sector funding is not delivered there is a small risk of grant clawback if the overall outcomes are not achieved. This risk is partly minimised by the fact that funding agreements are now in place between the Council and the two universities for their element of the City Deal delivery and direct control will be retained for the regional aspects of the City Deal carried out in Swansea.	2024/25 and beyond
WEFO grant	Circa £6m	<p>In 2017, the Council was awarded a grant of £4.5m split between capital and revenue. This amount was subsequently increased to £6m in total.</p> <p>As at year end 2022/23 some of the grant conditions had not been met although the associated projects had advanced and incurred significant expenditure. Due to some of the expenditure possibly not meeting the grant terms, there is a possibility that some of the grant might have to be paid back.</p> <p>In March 2024 a revised variation letter from the grant awarding body was received which enabled the Council to seek full grant drawdown due to a change in indicator outputs.</p> <p>A final financial claim has been submitted and if approved the grant awarding body will invite an indicator only claim which has the purpose of measuring the delivered outputs on the completed scheme.</p> <p>The grant awarding body will reserve the right to consider reclaiming any grant funding if remaining conditions around the outstanding targets have not been met.</p> <p>As yet the exact amount that could be paid back and timing of when payment would be made are uncertain.</p>	Unknown

## Notes to the Accounts

Nature of Liability	Potential Financial Effect £'000	Comment	Timing
Health and Safety investigation and potential future legal action / prosecution	Unknown	The authority is currently in the very early stages of an HSE investigation arising out of a serious incident in the Parks Department in July 2023. It is not clear where this investigation might lead and no date for an inquest has been set in relation to this serious incident. The legal advice received by the Authority is, therefore, that it is not possible, at this very early stage of the process, to properly consider a financial provision in respect of regulatory fines. Not least, we understand, this is because there is no prosecution underway at this time.	More than 1 year likely less than 3 years
Renting Homes (Wales) Act 2016 (RHWA)	Cannot be estimated	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 estimated at this stage. The Council is taking legal advice to clarify its responsibilities and any potential remedial actions.	Unknown

### 37. Council Tax

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

The Council Tax base is the number of properties in each band adjusted by a multiplier to convert the number to band 'D' equivalent and adjusted for discounts. The base was 91,454 in 2023/2024 (93,114 in 2022/2023).

## Notes to the Accounts

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

The band 'D' numbers shown have been adjusted for an assumed collection rate of 94.5% (96.5% in 2022/23) to arrive at the Council Tax base for the year.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Band 'D' Number	20	9,493	18,887	19,174	14,807	14,104	10,815	6,068	2,282	1,127

Analysis of the net proceeds from Council Tax:

2022/23 £'000		2023/24 £'000
168,099	Council tax collectable	180,002
-2,097	Less:- Provision for non payment of Council Tax	-4,366
-22,577	Less:- Council Tax Support Scheme	-24,153
<b>143,425</b>	<b>Net proceeds from Council Tax</b>	<b>151,483</b>

Application of Council Tax proceeds:

2022/23 £'000		2023/24 £'000
164,273	City & County of Swansea precept	171,343
1,697	Community Council precept	1,829
<b>165,970</b>	<b>Council Tax requirement</b>	<b>173,172</b>
-22,577	Less:- Council Tax Support Scheme	-24,153
32	Transfer to reserves (Surplus/Deficit)	2,464
<b>143,425</b>	<b>Net application of proceeds</b>	<b>151,483</b>

### 38. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount of the rate per pound of rateable value which for 2023/24 was 0.535p (0.535p in 2022/23) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR Pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population. The rateable value for 2023/24 was £177.316m (2022/23 £179.055m).

### 39. Nature and extent of risks arising from Financial Instruments

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

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

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

#### Credit Risk

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

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

#### Credit Risk Management Practices

The Authority's credit risk management practices are set out in the Annual Treasury Management Investment Strategy presented to Council in March 2024.

## Notes to the Accounts

### Amounts Arising from Expected Credit Losses

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

#### Loss allowance by Asset Class

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	Total £'000
<b>Opening balance as at 1 April 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,490</b>	<b>0</b>	<b>5,490</b>
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	3,324	0	3,324
Amounts written off	0	0	0	-168	0	-168
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>Balance as at 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,646</b>	<b>0</b>	<b>8,646</b>

## Notes to the Accounts

### Loss allowance by Asset Class - Comparative year information

Asset Class (amortised cost)	12-month expected credit losses £'000	Lifetime expected credit losses – not credit impaired £'000	Lifetime expected credit losses – credit impaired £'000	Lifetime expected credit losses – simplified approach £'000	Purchased or originated credit impaired financial assets £'000	Total £'000
<b>Opening balance as at 1 April 2022</b>	0	0	0	7,730	0	7,730
Transfers:						
• Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
• Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	0	0	0
Amounts written off	0	0	0	-607	0	-607
Financial assets that have been derecognised	0	0	0	-1,633	0	-1,633
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
<b>Balance as at 31 March 2023</b>	0	0	0	5,490	0	5,490

## Notes to the Accounts

### Credit Risk Exposure

The Authority has the following exposure to credit risk at 31 March 2024:

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

### Liquidity Risk

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

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

On 31 March 2023 £'000	Loans outstanding	On 31 March 2024 £'000
71,377	Less than 1 year	91,079
5,508	Between 1 and 2 years	7,581
34,523	Between 2 and 5 years	41,890
55,688	Between 5 and 10 years	47,546
596,269	More than 10 years	572,904
<b>763,365</b>	<b>Total</b>	<b>761,000</b>

All trade payables are included in less than one year.



## Notes to the Accounts

### Market Risk

#### Interest rate risk

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

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

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

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

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

According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher than market rate with all other variables held constant, the financial effect would be:

	2023/24 £'000
Increase in interest payable on variable rate borrowings	400
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	213
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>613</b>
<b>Share of overall impact debited to the Housing Revenue Account</b>	<b>96</b>
Decrease in fair value of fixed rate investment assets	0
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>0</b>

## Notes to the Accounts

	2023/24 £'000
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive I&E)	-62,984

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

### Price Risk

The Authority does not generally invest in traditional equity shares.

### Foreign Exchange Risk

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

## 40. Leasing

### Council as Lessor

#### Operating Leases

The Council was committed as at 31st March 2024 to receive income of £291,730 million (£289,169 million as at 31st March 2023) under operating leases for land & buildings comprising the following elements:

	31st March 2023 £'000	31st March 2024 £'000
<b>Minimum Income</b>		
Not later than one year	5,902	6,093
Later than one year and not later than five years	19,035	20,836
Later than five years	264,232	264,801
	<b>289,169</b>	<b>291,730</b>

## *Housing Revenue Account Income and Expenditure Statement*

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

2022/23 £'000		Note	2023/24 £'000
19,351	Repairs and maintenance		24,664
16,188	Supervision and management		15,473
1,065	Rent, rates, taxes and other charges		1,149
35,920	Depreciation and impairment of non-current assets	3	30,680
92	Debt management costs		92
<b>72,616</b>	<b>Total Expenditure</b>		<b>72,058</b>
-68,251	Dwelling rents		-73,103
-114	Non-dwelling rents		-108
-3,302	Charges for services and facilities		-3,865
-1,353	Contributions towards expenditure		-1,236
<b>-73,020</b>	<b>Total Income</b>		<b>-78,312</b>
<b>-404</b>	<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>		<b>-6,254</b>
852	HRA services' share of Corporate and Democratic Core		814
<b>448</b>	<b>Net cost for HRA services</b>		<b>-5,440</b>
	<b>HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>		
6,344	Interest payable and similar charges		6,491
-434	Interest and investment income		-855
414	Impairment Losses		734
926	Net interest on the net defined benefit liability/asset(-)		56
-18,157	Capital grants and contributions receivable		-17,326
<b>-10,459</b>	<b>Surplus(-)/Deficit for the year on HRA services</b>		<b>-16,340</b>

## ***Movement on the Housing Revenue Account Statement***

2022/23 £'000		2023/24 £'000
5,239	Balance on the HRA at the end of the previous year	10,408
10,459	Surplus or deficit(-) for the year on the HRA Income and Expenditure Statement	16,340
-5,290	Adjustments between accounting basis and funding basis under statute	-10,450
<b>5,169</b>	<b>Net decrease before transfers to or from reserves</b>	<b>5,890</b>
0	Transfers to/from(-) earmarked reserves	0
<b>5,169</b>	<b>Increase or decrease(-) in the year on the HRA</b>	<b>5,890</b>
<b>10,408</b>	<b>Balance on the HRA at the end of the current year</b>	<b>16,298</b>

### Adjustments between accounting basis and funding basis under statute

#### Adjustments to Revenue Resources

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

2,570	Pension costs (transferred to (or from) the Pensions Reserve)	-37
0	Financial instruments (transferred to the Financial Instruments Adjustment Account)	0
-117	Holiday pay (transferred to the Accumulated Absences Reserve)	-42
17,763	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	13,354
<b>20,216</b>	<b>Total Adjustments to Revenue Resources</b>	<b>13,275</b>

#### Adjustments between Revenue and Capital Resources

-3,715	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-3,649
-21,791	Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-20,076
<b>-25,506</b>	<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-23,725</b>
<b>-5,290</b>	<b>Total Adjustments</b>	<b>-10,450</b>

## Notes to the Housing Revenue Account

### 1. Housing Stock

As at 31st March 2024 the Authority owned a total of 13,766 properties, made up of different types of dwelling including detached houses, semi-detached houses, bungalows, low level flats, high rise accommodation and sheltered accommodation.

The change in stock numbers can be summarised as follows:

31/03/2023 Units		31/03/2024 Units
13,637	Stock at 1 <sup>st</sup> April	13,723
86	Additions (operational dwellings)	43
0	Additions (non-operational dwellings)	0
<b>13,723</b>	<b>Stock at 31<sup>st</sup> March</b>	<b>13,766</b>

### 2. Capital expenditure

During 2023/24 £37.610m (2022/23 £39.948m) was spent on HRA Properties.

This was financed as follows:-

2022/23 £'000		2023/24 £'000
9,283	Grants – Major Repairs Allowance	9,280
8,874	Grants - Other	7,629
0	Capital Contributions	625
21,791	Revenue and Balances	20,076
0	Borrowing	0
<b>39,948</b>	<b>Total</b>	<b>37,610</b>

The Major Repairs Allowance was used in full in 2023/24 and 2022/23.

## Notes to the Housing Revenue Account

### 3. Depreciation charges and impairment

The total charge for depreciation and impairment made to the HRA for 2023/24 amounted to £30.680m (2022/23 £35.920m) and is analysed as follows:-

2022/23 £'000		2023/24 £'000
	Depreciation on operational assets	
9,243	- dwellings	9,800
32	- other property	36
27	Depreciation on non-operational assets	40
	Revaluation Gains (-) and Losses on operational assets	
26,615	- dwellings	20,793
0	- other property	-18
3	Revaluation Losses on non-operational assets	29
	Impairment	
0	- dwellings	0
0	- other property	0
<b>35,920</b>	<b>Total</b>	<b>30,680</b>

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

### 1. Scope of Responsibility

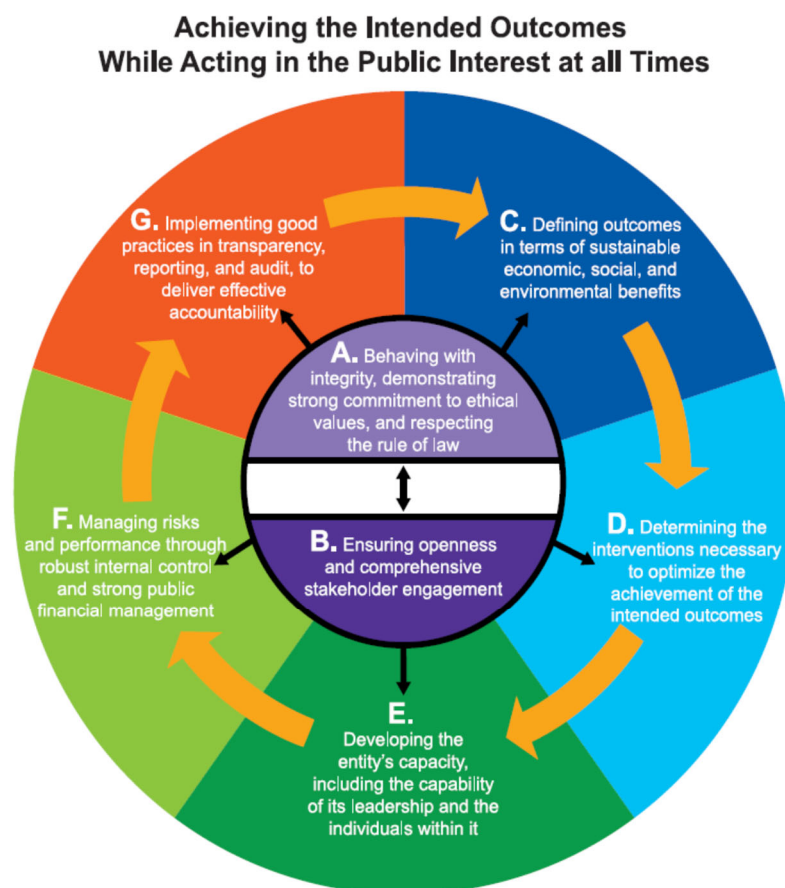
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under Part 1 of the Local Government Act 1999 requires authorities to make arrangements to secure continuous improvement in the way they carry out their functions and have due regard to a combination of economy, efficiency, and effectiveness when exercising their functions. The Local Government and Elections (Wales) Act 2021 requires Councils to continually assess their performance and their effectiveness in their use of resources and governance.
- 1.2 In discharging this overall responsibility, the City and County of Swansea is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The City and County of Swansea adopted a Code of Corporate Governance on 24 August 2017, which is consistent with the principles of the new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. A copy of the Code can be found on the Council's website.

### 2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the City and County of Swansea throughout the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

## 3. The Governance Framework

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



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

3.3 The 7 key principles are:

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



- F) Managing risks and performance through robust internal control and strong public financial management.
  - G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.4 The application of the principles of good governance is summarised below which sets out supporting information for the 7 key principles.
- 3.5 **Note - although the impact from the pandemic had lessened during 2023/24, the issues set out within the Governance Statement have been materially affected by the COVID-19 pandemic. However, it should be noted that the Statutory Governance Chief Officers and CMT continued to maintain corporate grip to ensure that sufficient governance was maintained.**

## Principle A

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

### Sub Principles:

**Behaving with Integrity**

**Demonstrating strong commitment to ethical values**

**Respecting the rule of law**

### How we do this:

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

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

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

## Principle B

### Ensuring openness and comprehensive stakeholder engagement

#### Sub Principles:

##### Openness

##### Engaging comprehensively with institutional stakeholders

##### Engaging stakeholders effectively, including individual citizens and service users

#### How we do this:

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

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

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

## Principle C

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

### Sub Principles:

**Defining outcomes**

**Sustainable economic, social and environmental benefits**

### How we do this:

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

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

## Principle D

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

### Sub Principles:

#### Determining interventions

#### Planning interventions

#### Optimising achievement of intended outcomes

### How we do this:

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

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

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

## Principle E

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

### Sub Principles:

**Developing the entity's capacity**

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

### How we do this:

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

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

# Annual Governance Statement 2023/24

## Principle F

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

#### Sub Principles:

##### Managing risk

#### How we do this:

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

##### Managing performance

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

##### Robust internal control

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

##### Managing data

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

##### Strong public financial management

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

## Principle G

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

### Sub Principles:

**Implementing good practice in transparency**

**Implementing good practices in reporting**

**Assurance and effective accountability**

### How we do this

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

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

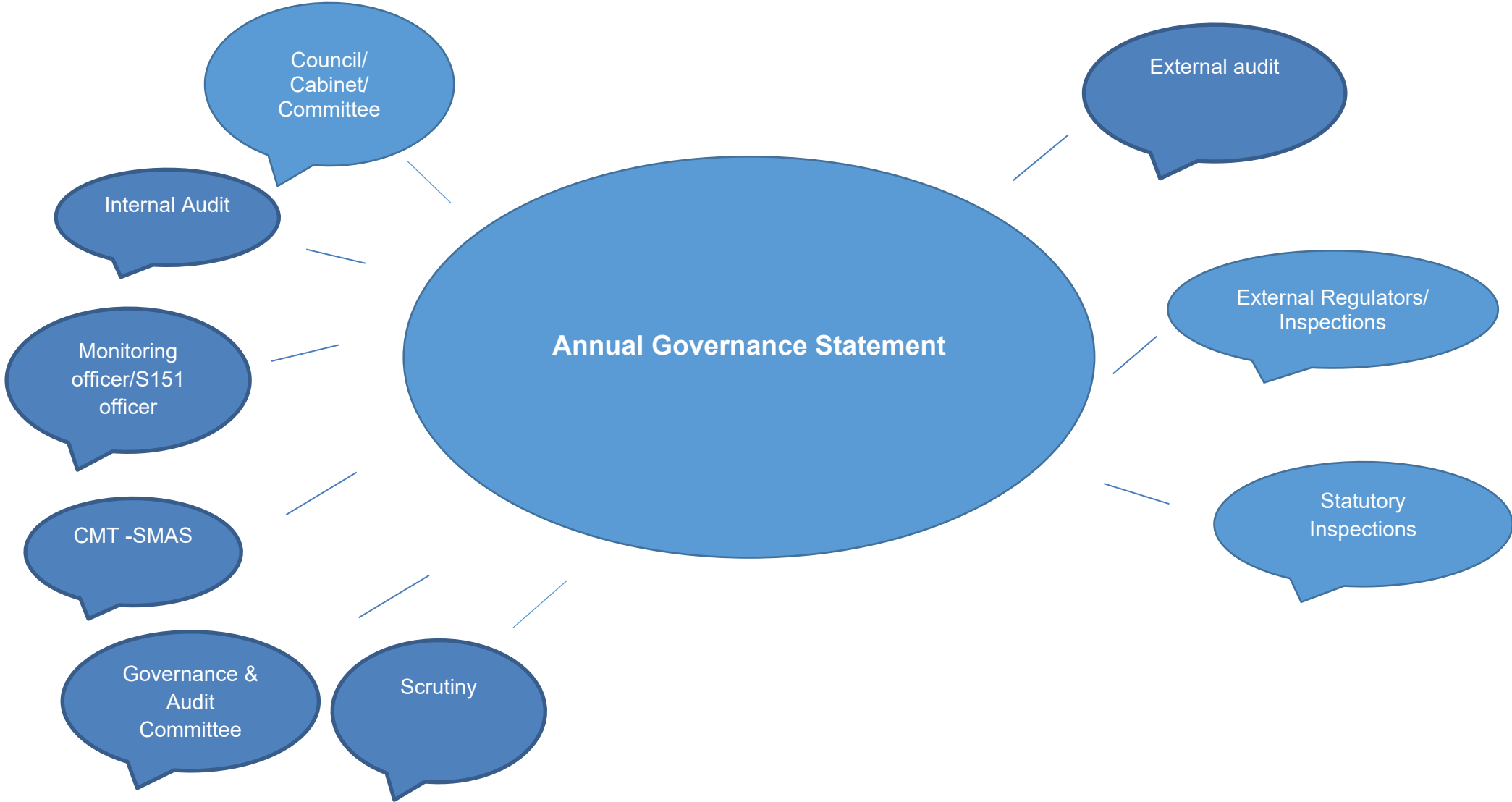
- Through the assurance mechanisms set out below the Council can demonstrate effective accountability:
- The Internal Audit work plan provides assurance on the council's control mechanisms, risk management and governance arrangements which is monitored by the Governance & Audit Committee.
- All agreed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



*Annual Governance Statement 2023/24*

**Internal Assurance**

**External Assurance**



### 4. Review of Effectiveness

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

### **INTERNAL SOURCES OF ASSURANCE**

### 5. Corporate Management Team/SMAS

- 5.1 The Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 15 good governance statements covering:
- Risk Management.
  - Partnership/Collaboration governance.
  - Compliance with Policies/Rules/Legal & Regulatory requirements.
  - Programme and Project Assurance.
  - Budget Monitoring.
  - Planning and Decision Making.
  - Internal Control Environment.
  - Fraud & Financial Impropriety.
  - Performance Measurement & Management.
- 5.2 The Directors assess assurance using a 5-point maturity scale for their areas of responsibility ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.
- 5.3 The assurance statements showed overall in 2023/24 that there were no categories that were deemed as being “Not in place” and 2 (3%) with “Limited Application” (Performance Reviews and Data Security). A small number 8 (11%) of categories were regarded as showing “Mixed Application”. These categories were: Compliance (3), Compliance Improvement (2); Future Generations & Equality (1); and Performance Reviews (2) These will be captured in the significant governance risks for 2023/24 where relevant. However, 42 (56%) demonstrated “Strong Application” and 23 (31%) were described as “Embedded”.

5.4 The Council established an Strategic Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is chaired by the Interim Director of Corporate Services and members include the Council's Section 151 Officer and Monitoring Officer, as well as the Strategic Delivery & Performance Manager and a member of the Governance & Audit Committee. The Chief Internal Auditor attends in an advisory capacity. The Strategic Governance Group met on 28<sup>th</sup> February 2024 to review the draft SMAS submitted by each Director. The Strategic Governance Group reviewed the revised SMAS and the draft Annual Governance Statement on 17<sup>th</sup> April 2024. The Significant Governance Issues for 2024/25 as identified by the Strategic Governance Group after reviewing the draft Annual Governance Statement are those set out below.

### **6. The Monitoring Officer**

6.1 The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).

6.2 During 2023/2024 the Monitoring Officer was notified of 9 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate all 9 of those complaints. In relation to complaints reported to the PSOW the Committee receive regular updates as to the status of complaints. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.

6.3 The Local Government and Election (Wales) Act 2021 brought in new duties for Standards Committees and Group Leaders in Wales from May 2022. The Committee considered changes to their Terms of Reference on 9 March 2022 so as to comply with the legislation. Council approved the changes to the terms of reference on 24 May 2022.

6.4 The Chair presented the Standards Committee Annual Report 2022/23 to Council on 21 March 2023. The Report reflected the Committee's view that generally the conduct of members was high.

6.5 In March 2024, the Standards Committee interviewed the Leaders of the Opposition Groups. The discussion with group leaders focused on their new duties under the legislation and how they would meet that duty. The Monitoring Officer is therefore of the view that the Authority is in a good position to comply with the new legislative requirements.

6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2023/24.

- 6.7 Members and co-opted members are required to register their personal interests in any business of the authority and to comply with the rules set out in the Members Code of Conduct. Members must also comply with the rules around Gifts and Hospitality.
- 6.8 All staff are required to disclose any personal interests which actually or potentially conflict with their duties to the council and to register any secondary employment.
- 6.9 Significant amendments have been made to the Council Constitution during the period 2023/24. These include amendments to Public Questions, amendments to the Councillor/Councillor Dispute Resolution Protocol (building on the duty of Group Leaders to maintain the highest ethical standards within their group), amendments to the Officer/Councillor Relations Protocol, amendments to the Scheme of Delegation, the creation of a Petitions Committee and changes to the Terms of Reference of the Constitution Working Group. The Constitution will be further reviewed in 2024/25 and further changes progressed.

### 7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2023/24. The third quarter report identified a net £1.507m of shortfall in service revenue budgets and an exceptional £15m equal pay provision. Offsetting actions were projected available to reduce the overspend to a residual £3.284m, which the S151 officer continued to strongly advise Cabinet had to be eliminated in full to avoid otherwise destabilising the 2024/25 budget round. Even if balancing back to budget, substantial draws from reserves and schools reserves was clearly inevitable and not sustainable longer term.
- 7.1.1 The current indication is that, for 2023/24, and for 2024/25 there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend or likely future overspends. It looks inevitable major some significant draws from contingency and earmarked reserves will be needed to achieve a fully balanced budget for the year but this was somewhat anticipated throughout the year. Any inroads to net spending will reduce the necessary draw from reserves and preserve the amount of reserves available to carry into 2024/25 and the anticipated need for a repeat of the mitigation strategy given our biggest cost driver, local government and teacher pay, remains far from resolved, agreed or fully funded, once again.
- 7.2 A verbal **Mid Term Budget Statement 2023/24** was presented to Council in December 2023 given the substantially delayed settlement. The written report on the **Review of Reserves** was presented to Council on 07/12/2023, which provided a strategic and focussed assessment of the current year's financial performance and an update on strategic planning assumptions over the next 3 financial years.

- 7.2.1 The conclusion of the Statement was that the Council could potentially struggle to deliver within the overall resources identified to support the budget in 2023/24 and beyond unless the local government settlement was continued to be permanently much enhanced and preferably routinely multi-year. Neither continued to materialise regrettably, the settlement being held at an average of just over 3%, one off, and the outlook worsening. The likely projected outturn was dependent upon the ability of the Council to reduce and restrict ongoing expenditure across all areas, its continued reliance on active capital financing strategies to maximise the short-term savings to enable the capital equalisation reserve to be bolstered for the medium to long-term recognising the major future capital commitments already irrevocably made by Council decisions on the size of the capital programme and associated borrowing.
- 7.2.2 The Revenue and Capital Budgets were approved by Council on 06/03/24. They continued to set out an ongoing ambitious programme of approved capital spending plans and future capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing now fully externalised at fixed rates for up to 50 years de-risking general fund exposure to future interest rate movements) which would require modest budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. Future capital spending plans of up to a further £50m are nominal only at present and require financing from capital borrowing and revenue headroom to be yet created with only a temporary and interim reserve funding solution. These plans are likely to still be affected by ongoing ripple effects of COVID-19 and much wider economic aftershocks. It remains entirely unclear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part, or in full, that the Authority faces in responding both locally, with partners, and supporting the national strategic response to COVID-19 and the economic outlook.
- 7.2.3 The impact will be very financially material on the delayed 2023/24 accounts but the prioritisation of the response to COVID-19 and wider economic crises may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards (and timeliness) in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts.
- 7.3 The **Medium-Term Financial Plan 2025/26 – 2027/28** was approved by Council on 06/03/2024. The Plan outlined the range of options around funding faced by the Council over the period, the key reliance on the scale and value of future local government finance settlements and the strategy to be adopted to address the various scenarios as well as the inherent risks to the success of the adopted strategy.
- 7.3.1 All spending and funding assumptions were set in a challenging outlook for public. Whilst the Authority will consider future spending plans in line with projected funding announcements there is no indication at present that any of

the assets of the Authority may be impaired as a result of a need to close facilities and reduce the level of service provision.

- 7.4 Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.
- 7.5 **Audit Wales Annual Audit Summary 2023.** Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally presented for audit until October 2023. Overall, Audit Wales said that the quality of the draft statements presented for audit was generally good.
- 7.5.1 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements for setting its well-being objectives and service user perspectives and outcomes on the use of performance information. The outcome from the work on setting well-being objectives was reported to the Service Improvement, Regeneration and Finance scrutiny panel on 17th October 2023 and Governance & Audit Committee on 6<sup>th</sup> December 2023. The report on the use of performance information will be reported to the scrutiny panel and Governance and Audit Committee in the 2024/25 municipal year. Audit Wales also carried out studies on the progress the Council is making around its Transformation Programme, on the Council's Digital Strategy and on the Council's arrangements for managing its workforce and assets. The outcome from this work was reported to the Service Improvement, Regeneration and Finance scrutiny panel and Governance & Audit Committee during 2023/24, except for the work on assets; this will be reported in the 2024/25 municipal year.
- 7.6 The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are to produce:
- Investment Strategy Statement.
  - Governance Compliance Statement
  - Internal Dispute Resolution Process.
  - Funding Strategy Statement.
  - Administration Strategy Statement.
  - A full actuarial valuation to be carried out every third year.
  - Communications Strategy Statement.
- 7.6.1 In 2023/24, the SBPHA continued to operate its revised model of service delivery.

### 8. Chief Auditors Opinion

- 8.1 Systems of internal control are designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However, it is not possible to eliminate all risks completely.
- 8.2 As a result, Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 8.3 The Internal Audit Section awards an assurance level for all audits undertaken. The basis used for each level of assurance is shown in Appendix 6.
- 8.4 The table below provides a summary of the assurance levels awarded to the audits completed in 2023/24:

Audit Assurance Results 2023/24		
Total Number of Audits Finalised	62	
Assurance Level	Number	%
High Assurance	26	42
Substantial Assurance	30	48
Moderate Assurance	5	8
Limited Assurance	1	2

- 8.5 As can be seen in the table above, the outcome of 56 of the 62 audits completed (90%) was positive with the audits being awarded either a High or Substantial assurance level.
- 8.6 Five audits received a Moderate level of assurance in the year. A summary of the key issues that resulted in the Moderate assurance level being awarded were presented to the Governance & Audit Committee as part of the Chief Auditor's Quarterly Monitoring Reports, together with the outcome of the follow-up reviews undertaken to assure the Committee that action has been taken by management to address the issues identified. One audit received a Limited level of assurance.
- 8.7 In total there are 14 audits which are classed as Fundamental audits. The Fundamental audits are the core financial systems that are considered to be so significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2023/24, 10 of the 14 Fundamental audits were awarded a High level of assurance and 3 were awarded a Substantial level of assurance (Accounts Payable, Business Rates and Employee Services).

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- 8.8 The Accounts Receivable Fundamental audit was awarded a Limited assurance level in 2023/24. This audit as has received a Moderate level of assurance in the previous five financial years. The Governance & Audit Committee has received several updates from the relevant managers within the service in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2024/25 as required.
- 8.9 It is disappointing that the Accounts Receivable audit received a Limited assurance level in 2023/24, which indicates a worsening performance from the previous Moderate assurance level awarded. As detailed in previous updates to the Governance & Audit Committee from the service management, the reasons for the weaknesses identified in this audit have primarily been caused by a reduction in staff resource. However, our most recent audit also revealed that the introduction of the new Fusion financial system had resulted in an increase in the amount of manual 'workarounds' that the team have had to introduce to maintain business as usual. This has resulted in an increase in workload and reduced efficiency within the service. As noted in previous annual reports, continuity, and maintenance of core grip with changing, and often diminishing resources is recognised as a clear challenge across the Council, and this continued to be the case in 2023/24.
- 8.10 Despite this, and as stated previously it should be noted that of the 14 Fundamental audits, 10 have been awarded a High assurance level and 3 have been awarded a Substantial assurance level at the time of completion of the last audit. In addition, the results of the work undertaken in 2023/24 shows that 90% of all audits completed in year were awarded either a High or Substantial assurance level. This provides reasonable assurance that the systems of internal control are operating effectively across the Council.
- 8.11 The Internal Audit Team has continued to operate in a very challenging environment throughout 2023/24. Approximately 360 days were lost to sickness absence and vacancies. However, I wish to express my gratitude the Internal Audit Team who have worked tirelessly throughout the year to complete as much of the audit plan as possible.
- 8.12 The Audit Plan for 2023/24 contained 116 separate audit activities. As at 31 March 2024, 89 audit activities (77%) had been completed, with three additional activities (2%) substantially complete with a draft report issued. As a result, 92 activities had been completed to at least draft report stage (79%). An additional 12 activities were in progress at year end (10%). As a result, approximately 89% of the audit activities included in the 2023/24 Audit Plan had either completed or were in progress at year end. This is a very positive result given the resources available in the Team during the year. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.



- 8.13 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance & Audit Committee has received regular update reports from the Strategic Delivery & Performance Manager outlining the status of risks from the Corporate Risk Register. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the registers are up to date. The new Risk Management System has also been further embedded in the year which has continued to improve the monitoring and control of risks. The Director of Corporate Services has advised the Committee that a new Risk Management System is due to be implemented in 2024/25 in conjunction with a refreshed Risk Management Policy. Progress update reports from the Strategic Delivery & Performance Manager will continue to be received by the Governance & Audit Committee throughout 2024/25 to ensure appropriate scrutiny of the risk management arrangements continues going forward.
- 8.14 At the time of writing this opinion, it is unclear as to the scale of additional spending the Council faces, from persistent relatively high service inflation across revenue and capital and demands on our services whilst also still in the midst of a cost-of-living crisis. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient budget cover for 2024/25, but the future budget outlook remains extremely challenging in real terms.
- 8.15 As noted previously in the report, five moderate and one limited audit report were issued in the year. The agreed actions for these reports will be monitored to further strengthen governance. This is comparable to 2022/23 where six moderate audit reports were issued. With the Council continuing with its fundamental transformation programme and the implementation of the new Fusion system, coupled with ongoing resource and capacity issues across departments, some deterioration of governance and management controls is to be expected in pockets of the organisation. However overall, the work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the Council that were subject to internal audit review that would materially weaken the Chief Auditor's overall opinion. It should also be noted that there are robust follow-up procedures in place to monitor the implementation of the recommendations made in internal audit reports, with Governance & Audit Committee oversight.
- 8.16 Given the completion rate of the 2023/24 Audit Plan noted previously, and the fact that the Internal Audit Team has completed all but one of the planned Fundamental audits in year, in addition to completing all but one of the planned tier one cross cutting reviews, the Chief Auditor feels that no impairment to the Chief Auditor's opinion is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.

- 8.17 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance and risk management arrangements across the Council have proven to be robust and effective throughout 2023/24.
- 8.18 However, it should be highlighted that the Council continues to face several operational challenges following the decommissioning of the Oracle R12 system and the implementation of the new Oracle Fusion system. As noted following the Accounts Receivable audit in 2023/24, Officers in a range of services are currently having to implement manual workarounds to continue business as usual, which is reducing efficiency. The Director of Corporate Services assured the Governance & Audit Committee in March that the relevant Officers are working closely with the third-party IT Consultants to implement customised processes within Fusion so that the manual workarounds would no longer be required.
- 8.19 In addition, following implementation of the Fusion system the Council has experienced a number of technical issues in relation to the integration of some existing systems with Fusion. The Corporate Management Team has appropriately identified this as a risk and as such this has been captured and documented on the Corporate Risk Register.
- 8.20 The Council's External Auditors, Audit Wales, are due to commence a review of the implementation of the Fusion system and any ongoing system issues that are being experienced. It is envisaged that a summary of the outcome of the review will be provided to the Governance & Audit Committee in due course. At this point, it is not possible to fully evaluate the full impact of the operational and technical issues arising across the organisation following the Fusion system roll-out.

8.21

### **Chief Auditors Opinion for 2023/24**

Based on the programme of audit work undertaken in 2023/24, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2023/24 which would have a material impact on the Council's financial affairs or the achievement of its objectives.

However, the Council is aware that the implementation of the Oracle Fusion System has resulted in a number of operational and technical issues, which has required manual workarounds to be implemented in some services to allow business to continue as usual. The manual workarounds pose a potential risk to council operations and controls, the extent to which is currently undetermined. It is envisaged that as the Council works closely with the software provider to implement solutions to the issues identified, the need for such manual workarounds will diminish in 2024/25.

### 9. The Governance & Audit Committee

- 9.1 On 14th June 2023 the Governance & Audit Committee considered the election of Chair for 2023/24 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2023/24 Municipal Year.
- 9.2 At the July 2023 meeting Committee were informed that Mr Phil Sharman, Lay Member, had submitted his resignation. The Committee recognised the work and value that Mr Sharman had given and wished him well for the future. The Committee were also informed that the Council would reconsider the membership of the Governance and Audit Committee with the option of reducing the membership from 15 to 12 members thus maintaining the one third two third requirements of the Local Government and Election (Wales) Act. This was agreed by Council on 7th September 2023.
- 9.3 In addition, Cllr Lesley Walton was elected by the Governance & Audit Committee to be the Representative on the Council's Strategic Governance Group. This Group ensures that the Annual Governance Statement is complete and accurate and is in harmony with the work of the Governance & Audit Committee. The draft Annual Governance Statement will be presented together with this Annual Report of the Governance & Audit Committee at a future meeting early in 2024-2025.
- 9.4 The Local Government and Election (Wales) Act requires careful co-ordination between Governance & Audit Committee and the Scrutiny Committee. To aide this, the Work Programme of both Committees are appended to every meeting of the Governance & Audit Committee. Also, a number of Elected Members are members of both Committees.
- 9.5 The Chair also attends Scrutiny Work Planning Committee (13th June 2023) and will be attending Scrutiny Planning Committee in May 2024 to discuss the Governance & Audit Committee work and Annual report.
- 9.6 Similarly, arrangements are in place to ensure that the Council's Performance Annual Report is brought to the attention of the Governance & Audit Committee. The Committee considered the draft 2022-23 Annual Report at its meeting on 13 September 2023 following scrutiny by the Service Improvement, Regeneration and Finance Scrutiny Panel early in September 2023.
- 9.7 A formal Training Programme was agreed to ensure the Committee Members understand their roles and responsibilities. The Committee's Training Programme includes Performance Management and the refreshed Risk Management Framework. This also provides a clear understanding of the roles of the Committee and its relationship with Performance and Scrutiny.

- 9.8 The Chair of the Governance & Audit Committee thanks all Elected Members of the Committee and Lay Members for serving on the Committee. All meetings have been well attended and all members have been fully engaged to ensure the Committee remains as effective as possible. The Chair also thank Officers who have professionally supported the work of the Committee with appropriate information.
- 9.9 Looking forward to 2024-25 it is anticipated that the challenges facing the Council, public services as well as the Community will be significant. The importance of assurance and challenge will remain critical as the Committee discharges its responsibilities.
- 9.10 In October 2023 the Chair attended the All-Wales Chairs Network to ensure the greatest benefit of sharing knowledge and good practice is gained. In May 2024 the Chair will also be attending an Audit Wales Seminar where further insight will be gained in ensuring effective and efficient Governance & Audit Committees.

### **EXTERNAL SOURCES OF ASSURANCE**

#### **10. External Auditors**

- 10.1 Audit Wales provided their opinion on the financial statements which was an unqualified opinion. Their report outlined their continuing challenges in delivering the audit within their original timetable and deadlines resulting in the accounts not being formally approved until October 2023. Their report concluded that the quality of the draft statements presented for audit was generally good. The Auditor General gave an unqualified true and fair opinion on the Authority's financial statements on 25 March 2024.
- 10.2 Audit Wales reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Their work was focussed on the Council's arrangements for setting its well-being objectives and service user perspectives and outcomes on the use of performance information. The outcome from the work on setting well-being objectives was reported to the Service Improvement, Regeneration and Finance scrutiny panel on 17th October 2023 and Governance & Audit Committee on 6<sup>th</sup> December 2023. The report on the use of performance information will be reported to the scrutiny panel and Governance and Audit Committee in the 2024/25 municipal year. Audit Wales also carried out studies on the progress the Council is making around its Transformation Programme, on the Council's Digital Strategy and on the Council's arrangements for managing its workforce and assets. The outcome from this work was reported to the Service Improvement, Regeneration and Finance scrutiny panel and Governance & Audit Committee during 2023/24, except for the work on assets; this will be reported in the 2024/25 municipal year.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2022/23** to Governance & Audit Committee

on 14/3/24 and to Council on 21/3/24. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The Auditor General issued an unqualified audit report for the financial statements. The report concluded that the financial statements for the City & County of Swansea and the City and County of Swansea Pension Fund, (which was previously presented and approved separately to the Pension Fund Committee on the 15/11/23), gave a true and fair view of the financial position of the Council and the Pension Fund 2022/23 had been properly prepared.

### **11. Statutory external inspections/regulators**

- 11.1 The Council was subject to several external inspections by regulators during 2023/24. These are summarised in some detail in Appendix A.

### **CORE EVIDENCE**

#### **12. Council & Cabinet**

- 12.1 The following provide assurance based on reports covering 2023/24. In some instances, reports from 2022/23 are reflected in the Annual Governance Statement as the reports for 2023/24 are not yet available.
- 12.2 A new 5-year Corporate Plan for 2023/28 was adopted at Council on 30<sup>th</sup> March 2023. The Corporate Plan sets out the Council's values and principles underpinning the delivery of its six well-being objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports and the Annual Review of Performance, which is the Council's annual self-assessment and well-being report. Council approved on 21<sup>st</sup> March 2024 following an annual review that that the Council's well-being objectives remain unchanged for 2024/25.
- 12.3 Performance on delivery of the Council's well-being objectives is monitored quarterly by Cabinet. The reports contain outturn compliance with performance indicators and an overview of performance for each Objective provided by Directors/Heads of Service. The End of Year Performance Monitoring Report for 2022/23 was presented to Cabinet on 20<sup>th</sup> July 2023. The report showed that 56.4% of comparable indicators showed improvement or stayed the same compared to the previous year and 69.4% met or bettered their targets.
- 12.4 The Annual Review of Performance 2022/23 was approved at Council on 9th November 2023. The Annual Review of Performance 2022/23 meets the statutory requirements to publish an annual self-assessment report and annual well-being report under Part 6 of the Local Government & Elections Act (Wales) 2021 and Well-being of Future Generations (Wales) Act 2015 respectively. The report showed the results of each performance measure for the 6 well-being objectives set out in the Corporate Plan. The results showed that the Council made strong progress delivering its functions and making

effective use of its resources and that there were strong prospects for improvement for four of the Councils six well-being objectives, although mixed prospects for the Safeguarding People from Harm and Transformation & Future Council objectives.

12.4.1 The Service Improvement, Regeneration and Finance Scrutiny Performance Panel and the Governance & Audit Committee met to discuss the Annual Review of Performance 2022/23 on 5th September 2023 and 13th September 2023 respectively. The following proposals for improvement that the Governance & Audit Committee identified were fully implemented in the 2022/23 Review:

- Reviewed the methods and methodologies for assessment in parts 1, 2 and 3 of the Review.
- Linked the performance and risk assessments for 2022/23.
- Recognised and made improvements within the report around stronger analysis. This will be addressed as an ongoing area for improvement.
- Improved the correlation between parts 1, 2 and 3 of the Review, ensuring that the different parts of the assessment are congruent and there is some cross-over between them, although with differing emphasis.
- Improved the links between consultation engagement / stakeholder reference.

12.5 The Annual Complaints Report 2022-23 was presented to the Governance & Audit Committee on the 28<sup>th</sup> February, Corporate Briefing on the 6<sup>th</sup> March, Child & Family / Adult Services Scrutiny Performance Panel on the 12<sup>th</sup> March, and Scrutiny Programme Committee on the 19<sup>th</sup> March. In addition, the Ombudsman's annual report was presented to Cabinet on the 19<sup>th</sup> October and Governance & Audit Committee on the 25<sup>th</sup> October. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. Some Ombudsman complaints can carry across different financial years. 99 Ombudsman complaints were closed in 2022-23, of the 99 complaints received and closed, only ten complaints required intervention. All of these reached an early resolution / voluntary settlement and these related to:

- Eight Corporate Complaints including: the Contact Centre (1), Housing Repairs (4), Rats (1), Council tax (1), and Housing (1)
- Two Social Services including: Child and Family (1), Adult Services (1).

12.5.1 There were no s16 Public Interest reports during the year.

12.6 The Governance & Audit Committee Annual Report 2022/23 was presented to Council on 7 September 2023 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2022/23. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference.

- 12.7 The Annual Equality Review 2022/23 was reported to Cabinet on 18<sup>th</sup> January 2024, which highlighted progress against the Council's Strategic Equality Objectives. The report concluded that good progress had been made in the delivering of the Strategic Equality Objectives and the Strategic Equality Plan. The Strategic Equalities and Future Generations Board continued to provide strategic direction and oversee the implementation of the plan. The report outlined a summary of some of the successes and their impact and some of the challenges that need to be addressed in the year ahead.
- 12.8 The Council continued to promote the Welsh Language in 2023-24 and sought to strengthen its compliance with the Welsh Language Standards across the five categories. The introduction of the new Oracle Fusion system facilitated an increase in the number of employees reporting to have some Welsh language skills. A review has been undertaken of the Council's Staffnet and website pages to ensure the content is compliant and we have monitored our Integrated Impact Assessment compliance. We have translated all relevant staff policies and reviewed HR correspondence templates to ensure compliance with the standards. In 2023-24 the Council's first Welsh Language strategy was also reviewed and work began on a new Welsh Language Promotion Strategy. The 2023-24 Welsh Language Annual Report will be published before 30 June 2024 in line with the Welsh Language Standards.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2023/24 including reports relating to Successful and Sustainable Swansea Corporate Transformation Plan, Vulnerable Learners Service Inclusion Strategy, Swansea Destination Management Plan 2023-2026, Co-production Policy amongst others.
- 12.10 In April 2023 the Cabinet approved the Successful and Sustainable Swansea Corporate Transformation Plan. The Plan outlines twelve distinct transformation programmes as shown in the diagram below.



12.10.1 The twelve programmes represent the most important and significant changes that the council needs to make over the next five years and include service specific transformation, such as a future waste strategy, as well as several cross-cutting programmes, like digital transformation, that will impact all areas of the council's business. While the twelve programmes are distinct, they are all inter-related and bringing them together in a single plan will ensure we make the most of the connections between them. Having a clearly articulated transformation plan is helping to maintain an overview and focus on the most critical elements of the corporate plan.

12.10.2 Each programme has formal governance arrangements in place with Cabinet Member oversight, a Director level sponsor and the relevant Head of Service leading the operational delivery. Delivery of the plan is overseen by a Transformation Delivery Board. A Cabinet / CMT Transformation Board provides the strategic direction and oversight and agrees any changes to it over time, A formal progress report is also provided to Cabinet annually.

## 13. Committees

13.1 The Council's Scrutiny function is carried out by a **Scrutiny Programme Committee**, which delivers an agreed programme of work through Committee meetings and through **Scrutiny Panels and Working Groups** established by



the Committee. Through this range of activity, Scrutiny councillors make sure the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement, by questioning and providing challenge to decision-makers on issues of concern. This covers a wide range of policy, service and performance issues. The Committee is a group of 10 cross-party councillors who organise and manage what Scrutiny will look at each year, and develop a single work programme showing the various topics of focus and activities that will be carried out. The Committee has questioned Cabinet Members on specific portfolio responsibilities and is the statutory Committee for Scrutiny of Swansea Public Services Board and Crime & Disorder Scrutiny. It also co-ordinates pre-decision scrutiny enabling consideration of specific Cabinet reports and views being brought to the attention of Cabinet ahead of decision-making.

- 13.2 Over the last year the work of Scrutiny has included an in-depth Scrutiny inquiry examining the issue of Anti-Social Behaviour, with the key question: How can the Council ensure that it is working with its partners to appropriately and effectively tackle Anti-Social Behaviour in Swansea? In order to ensure ongoing monitoring and challenge to key service areas there have been regular meetings of Scrutiny Performance Panels, looking at Education, Adult Services, Child & Family Services, and Climate Change & Nature, as well as one looking at Service Improvement, Regeneration & Finance focusing on corporate performance and financial monitoring, budget scrutiny and the Council's development and regeneration activity. One-off Scrutiny Working Groups met to consider the following topics: Public Rights of Way and Customer Contact, and others are planned including a look at Community Growing. There has also been collaborative Scrutiny with other Local Authorities for topics / issues of shared interest or concern, and models of regional working: Partneriaeth, Swansea Bay City Region City Deal, and South West Wales Corporate Joint Committee. There are also clear processes in place for members of the public to raise issues for Scrutiny, or ask questions and contribute views on matters being discussed. A number of public requests were considered over the past year.
- 13.3 Views and recommendations from Scrutiny activities are communicated either by reports to Cabinet or letters sent directly to individual Cabinet Members, with responses provided as requested and followed up. The practice of writing 'Chair's letters' is a well-established way of communicating quickly with Cabinet Members, and letter and responses are monitored to ensure Scrutiny is getting a timely response.
- 13.4 The **Scrutiny Annual Report 2022/23** was presented to Council on 5<sup>th</sup> October 2023. The report reflected on the first year of the 2022/2027 Council term and work carried out, showing how Scrutiny has made a difference and supported continuous improvement for the Scrutiny function.
- 13.5 Although Scrutiny and Audit have distinctive roles, there are common aims in terms of good governance, improvement in performance and culture, and financial management, and so a regular conversation is held which helps to

ensure we are working together effectively. The Chair of the Scrutiny Programme Committee addressed the Governance & Audit Committee on this in October 2023 and the Committee also plans to hear from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee in May 2024. This arrangement makes sure there is good awareness of each other's work, avoiding duplication and gaps in work programmes, and the ability to refer issues between Committees.

- 13.6 The **Standards Committee** met on 4 occasions during 2023/24 and the **Standards Committee Annual Report 2022/23** was presented to Council on 21 March 2024. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee has been updated as to their new duties under the Local Government and Elections (Wales) Act 2021 and has been consulted on both the statutory guidance in relation to the new duty and their new terms of reference. During 2023-2024 the Committee met with the 3 out of 4 of the political group leaders to discuss with them how they intend to discharge their new duties to ensure the highest ethical standards within their group. The Leader of the Council will meet with the Standards Committee in 2024-2025. Further informal discussions between the Group Leaders and the Standards Committee are ongoing.
- 13.7 The **Governance & Audit Committee** met on 9 occasions up to 10 April 2024, during the 2023/24 Municipal year and followed a structured work-plan, which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The membership of the Governance & Audit Committee at the start of the 2023/24 Municipal Year consisted of 5 Lay Members and 10 Non-Executive Councillors elected by Council. Lay Members are appointed for no more than two administrative terms with Council Members reappointed annually. The membership reduced to 4 Lay Members and 8 Non-Executive Councillors in September 2023. The Committee receive all Audit Wales reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed.
- 13.8 The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and discretions as an administering Authority under the Local Government Pension Scheme (LGPS) Regulations and is the delegated decision making body in respect of the Council in respect of all strategic pension matters. The Committee is Chaired by a Councillor and membership consists of six elected Members, including the Chair, and two co-opted members representing other employers in the scheme and a member representative. The Committee met on 4

occasions during 2023/24, and dealt with all issues relating to investment matters, governance and administration of the Pension Fund as outlined in its terms of reference. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee (JGC) of the Wales Pension Partnership (WPP), a collaborative working arrangement between the 8 local government pension funds in Wales. The WPP JGC also met on 4 occasions during 2023/24 to provide governance oversight and approve recommendations on the investment management arrangements of WPP and the accompanying responsible investment, engagement and stewardship policies.

13.8.1 In addition, the Local Pension Board established in 2015 which operationally provides the scrutiny and oversight function for the City & County of Pension Fund met on 4 occasions during 2023/24. Membership comprises 3 employer representatives and 3 scheme member representatives, with an annually alternating chair.

13.9 The **Democratic Services Committee** reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The Committee is chaired by a Councillor and, along with the Chair, membership consists of thirteen Councillors. The Committee met three times during 2023/24 and considered the Democratic Services Annual Report 22/23, Guidance for Attending Remote Meetings, Councillors Annual Reports, reviewed Section C of the Councillors Handbook and the Councillor Development Strategy.

13.10 The purpose of the Service Transformation Committees (STCs) is to contribute to the ongoing development of the Council's agreed transformation activities (specifically in relation to the council's corporate plan, policy commitments, Corporate Transformation Plan, and Medium-Term Financial Plan) for consideration and adoption by Cabinet Members, Cabinet and / or Council as appropriate. STCs are aligned to the Council's function of developing policy and are linked to the corporate objectives. Both STCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.

13.11 The STCs are chaired by a Councillor and, along with the Chair, membership consists of twelve elected Members. There were five Committees meeting in 2023/24: listed here with examples of both completed work and that in progress:

**i) Climate Change & Nature Recovery Service Transformation Committee:**

- Developing a new Sustainable Transport Strategy (2050).
- Developing a new Renewable Energy Strategy (2050).
- Developing a new Swansea Council Sustainable Food Strategy (2030).
- Waste Strategy Development to Contribute to Swansea Achieving Net Zero & Nature Recovery (2050).
- Swansea Local Nature Recovery Action Plan (LNRAP).

- Section 6 Action Plan.
  - Swansea Council's contribution / commitment to Net Zero Swansea (2050).
  - Public EV Charging Policy (2050).
- ii) Economy & Infrastructure Service Transformation Committee:**
- Local Economic Delivery Plan.
  - Tawe Riverside Corridor Action Plan.
  - Swansea Bay Strategy Projects.
  - Maintenance of Road Infrastructure.
  - More Homes Delivery Programme.
  - Destination Management Plan.
  - Review of the Council's Housing Allocation Policy.
- iii) Education & Skills Service Transformation Committee:**
- Transforming Additional Learning Needs.
  - Right Schools in Right Places.
- iv) Social Care & Tackling Poverty Service Transformation Committee:**
- Safeguarding People from Harm Steps in the Corporate Plan 2023-2028.
  - Tackling Poverty and Enabling Communities Steps in the Corporate Plan 2023-2028.
  - Residential Service Development
  - Enabling and promoting independence - prevention and early Help.
  - Approach to enabling community resilience and self-reliance.
  - Development of a corporate Volunteering Strategy and Policy.
- ii) Corporate Services & Financial Resilience Service Transformation Committee:**
- Transformation and Financial Resilience Steps in the Corporate Plan 2023-2028.
  - Digital Transformation Programme.
  - Workforce and OD Transformation Programme.
  - Corporate Services MTFP savings proposals.
  - Policy Commitments relevant to Corporate Services & Financial Resilience.

## Annual Governance Statement 2023/24

### Significant Governance Issues

The following table identifies issues that had been identified in 2023/24 during the review of effectiveness, together with the proposed actions to be taken during 2024/25 to address the issues.

<b>Significant Governance Issue linked to Framework</b>	<b>Action to be taken 2023/24</b>	<b>Update</b>	<b>Status</b>	<b>Action to be taken 2024/25</b>
The ability to recruit and retain the right staff.	<ul style="list-style-type: none"> <li>• Workforce delivery groups lead and monitor actions and report through to the Workforce and OD Transformation Programme Board.</li> <li>• Implement the control measures to mitigate the Corporate risk on workforce recruitment and retention.</li> <li>• Help cater for effective demand management through robust service planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce and OD Transformation Board met monthly during 2023-24 and programme has a GREEN RAG status at time of reporting.</li> <li>• Corporate risk control measures implemented in line with agreed timelines.</li> <li>• Service plan template for 2024-25 include requirement to explain workforce planning priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce delivery groups lead and monitor actions and report through to the Workforce and OD Transformation Programme Board.</li> <li>• Implement the control measures to mitigate the Corporate risk on workforce recruitment and retention.</li> <li>• Help cater for effective demand management through robust service planning.</li> </ul>
Performance Reviews, i.e.	<ul style="list-style-type: none"> <li>• Launch 'Goals and Performance'</li> </ul>	<ul style="list-style-type: none"> <li>• Commenced roll out the Oracle Fusion Goals and</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> </ul>	<ul style="list-style-type: none"> <li>• Continue roll out the Oracle Fusion Goals</li> </ul>

## Annual Governance Statement 2023/24

<p>appraisals system / induction training not fit for purpose.</p>	<p>module in Oracle Fusion in April 2023 upon go-live of the full system.</p> <ul style="list-style-type: none"> <li>• Launch ‘Learn’ module in Oracle Fusion in April 2023 upon go-live of the full system; include a revised mandatory training offer for induction purposes.</li> <li>• Review mandatory training requirements to release frontline staff from some of the mandatory training; for example, Display Screen Equipment for staff that do not use a computer.</li> </ul>	<p>Performance module across Directorates.</p>		<p>and Performance module across all Directorates.</p> <ul style="list-style-type: none"> <li>• Review Social Services bespoke needs as part of Oracle Fusion roll out.</li> </ul>
<p>Oracle Fusion Goals and Performance module roll-out.</p>	<ul style="list-style-type: none"> <li>• Oracle Cloud going live April 2023.</li> <li>• Complete migration of corporate system to Azure.</li> </ul>	<ul style="list-style-type: none"> <li>• Commenced roll out the Oracle Fusion Goals and Performance module across Directorates.</li> </ul>	<ul style="list-style-type: none"> <li>• In progress</li> </ul>	<ul style="list-style-type: none"> <li>• Continue roll out the Oracle Fusion Goals and Performance module across all Directorates.</li> </ul>
<p>Procurement – Governance around Contracts.</p>	<ul style="list-style-type: none"> <li>• Reinforce and rollout the recommendations outlined in the Chief</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate compliance with CPRS is not uniform / consistent.</li> </ul>	<ul style="list-style-type: none"> <li>• In progress.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly remind Heads of Service of CPRs at DMT / PFM meetings and</li> </ul>

## Annual Governance Statement 2023/24

	Auditors Procurement Memo approved on the 25/11/22.			reinforce compliance messages. <ul style="list-style-type: none"><li>• Legal Services to monitor contracts valued at £140K+ to ensure appropriately sealed.</li></ul>
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## Annual Governance Statement 2023/24

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. **We will review progress during the course of the year at Corporate Management Team / Leadership Team and will monitor their implementation and operation as part of our next six monthly and annual review.**

Signed ..... Chief Executive

Date .....

Signed..... Leader

Date .....



### Appendix A

#### Statutory external inspections/regulators

1. Swansea's Director of Social Services' Annual Report 2022/23 was presented to full Council in October 2023. The report is an opportunity to show how well Swansea is meeting the new statutory requirements under the Social Services and Well-being (Wales) Act 2014, and how we are applying the five ways of working within the Well-being of Future Generations (Wales) Act 2015. The report evaluates the local authority's improvement journey to 2022/23, performance in achieving the six National Quality Standards and contributing the wellbeing outcomes for the citizens of Swansea.
2. The Welsh Government issued a consultation in 2023 on 'Rebalancing Care and Support' programme. The programme scope included proposed changes to the Code of Practice on the role of the Director of Social Services. These respond to changes introduced by the new Performance and Improvement Framework (Measuring social services performance and seeks to include the use of people's experiences, as well as the data collected under the framework.
3. In meeting the new regulations and code of practice, Local Authorities would be expected to undertake a self-assessment exercise to identify needs for improvement. This framework aligns with the new corporate self-assessment structure as set out under the Local Government and Elections (Wales) Act 2021. Alongside the changes to the Code of Practice, there are plans changes to the Local Authority Social Services Annual Report Regulations which set out what the new annual reports must include. These arrangements are expected to commence on the reporting for 2024/25.
4. Care Inspectorate Wales (CiW) hold an annual performance review meetings with each local authority social services. Senior management, cabinet members and senior managers are invited to the meeting to share in feedback from recent inspection activity and to discuss progress against the statutory requirements, improvement priorities and against performance measures. Minutes noting the outcome of the meeting are then sent to the Director of Social Services; the most recent meeting was held on 5<sup>th</sup> November 2023.
5. CIW confirmed that, following a consultation phase, changes to how local authority social services are reviewed, are now being implemented. The updated code of practice for local authority inspection activity has been published (May 2023). The Chief Inspectors recent report set out the context and themes from the national, regional and local work programmes. These include:
  - Unprecedented increase in demand for care and support creating significant pressure on services.
  - Partnership working and a whole system approach to ensure people receive the care and support they require.

## Annual Governance Statement 2023/24

- Recruitment and retention of social care workers remains far from sufficient.
  - Fragility within domiciliary support services.
  - Placement insufficiency for children with care and support needs.
  - Advocacy services are key to ensuring people's voices are heard and personal outcomes achieved.
  - Support for carers is crucial to provide and shape holistic care.
6. The annual performance meeting held in Swansea structures the discussion on four areas: People, Wellbeing, Prevention and Partnership & Integration. Generally positive examples were shared in all areas, and some observations for follow up: Key challenges are captured in service improvement plans and the meeting acknowledged that are challenges ahead and difficult decisions about what will "harm least" when looking at any reduction in services.
7. The meeting identified that Swansea Social Services improvements are embedded in service plans and taken forward within corporate Successful and Sustainable Swansea transformation plan, in particular the following programmes:
- Transforming Adult Services:
  - Child and Family Services Transformation
  - Enabling Communities
  - Workforce and Organisational Development
  - Successful and Sustainable Swansea - Our transformation plan .
8. CIW Feedback Surveys: Care Inspectorate Wales (CIW) is committed to putting people and their experiences at the heart of their work. Feedback is an important source of information for CIW that helps inform their inspection and enforcement processes. CIW is interested in hearing from the people who use and rely on social care or childcare and play services in Wales, as well as their relatives, visitors, staff, involved professionals or friends. To access their feedback surveys, please see: [CIW - Feedback Surveys](#). Feedback can be given at any time through the link above and not just as part of an inspection.
9. In October 2022, Welsh Government invited Care Inspectorate Wales (CiW) to lead a multi-agency rapid review of decision-making around child protection, in response to a number of tragic child deaths across Wales and England. Working alongside Healthcare Inspectorate Wales and Estyn, the initial findings were published in June 2023. The report highlights Swansea's direct work with children and working in partnership on applying thresholds within child protection cases.
10. At the same time, CiW carried out a national review and reported on:
- Report on care planning for children and young people subject to Public Law Outline pre-proceedings.
  - Report on care homes for children operating without registration in 2022/23 expectations placed on registered managers to undertake a Self-

## Annual Governance Statement 2023/24

Assessment of Service Statement (SASS) SASS is an online form Registered Persons and Responsible Individuals are required to complete under the Child Minding and Day Care (Wales) Regulations 2010

11. Feedback from the CiW Report on Ty Nant, Swansea Council children's residential services, is scheduled to be presented to scrutiny performance panel in May 2024.
12. Following the Estyn inspection of Local Government Inspection Services in June 2022, there has been strong progress against the two recommendations made. The first, to strengthen Welsh-medium provision across all ages and areas of the local authority, is being delivered in accordance with the ten-year Welsh in Education Plan (WESP). The second, to review post-16 provision to ensure that it meets the needs of all learners, has shown good progress against the priorities within the Post-16 Strategy.
13. The Local Authority has made effective progress its additional learning needs (ALN) strategy, with a revised strategy in place to develop further areas required. Whilst positive progress has been made, it remains too early to fully measure the impact on a wide scale, as the transfer from the SEN system to ALN system continues in a phased approach.
14. A wholesale review of specialist provision for learners with ALN has taken place, with a proposed model in final stages of development. Further work is required to refine the model and implement changes.
15. Between April 2023 and March 2024, 20 schools were inspected, with 10 of those reports published. Of the 10 reports published during this period, nine schools have no follow-up, one school is in an Estyn Review category. To March 2024, three schools remain in an Estyn Review category, and one school is in a Special Measures category. Schools that are in an Estyn category receive support from the School Improvement Team. Two schools have been invited to submit case studies of effective practice.
16. The Council continues to take appropriate steps to ensure that the new regional partnership with two other local authorities, Partneriaeth, results in an offer that better suits the needs of schools in Swansea; this is still developing.
17. School reserves continue to be high, although are decreasing.
18. Initial progress has been made against the first year of the delivery plan in place to realise the aims of the 10-year Welsh in Education Strategic Plan. However, the needs of learners and local requirements will need to be kept under review.
19. In February 2024 Audit Wales published a report entitled "**From Firefighting to Future-proofing – the Challenge for Welsh Public Services**". The report recognises the pressures in local government and the real terms reductions and increasing demand in some service areas in particular. The Auditor

General acknowledges the funding gap for local government in 2024-25 and beyond, identified by the Welsh Local Government Association and Cardiff University and recognises that the risk of a Section 114 notice being issued in Wales will increase unless the funding outlook improves. He also recognises the risks of governance and/or service failings that arise when financial and workforce resources are stretched, and the impact that can have on public confidence in public services.

20. In responses to these challenges the report suggests public bodies could become more sustainable and achieve more from what they spend if they address themes of:
- Minimising losses through fraud and error
  - Complexity of the public service landscape
  - Workforce capacity
  - Digital transformation
  - Planning for the long term
  - Ensuring value for money
21. Below is a summary of how the Council is already addressing these themes:
- i) **Minimising losses through fraud and error:** the Council's Corporate Fraud function sits with the Internal Audit Service. It is a small team, which combined with the requirements of reactive work continues to impact the ability to be proactive in certain areas. Nonetheless the team proactively engages in the National Fraud Initiative exercise and a proactive exercise in respect of housing stock being used as short-term serviced holiday accommodation was completed in the first half of the financial year. Urgent employee investigations continue to be prioritised and time critical responses and actions are undertaken. The team also continues to receive and evaluate a consistently high level of reports of alleged fraud and continues to respond to high levels of data requests consistent with previous years. The team is also directly involved or assisting in with multi-agency investigations with the Police, DWP Organised Crime, NHS, and The Home Office.
- ii) **Complexity of the public service landscape:** the Council is a member of many partnerships and networks, but the most significant are Swansea Public Services Board, the West Glamorgan Regional Partnership, Partneriaeth Joint Committee, the South West Wales Joint Committee, and the Swansea Bay City Region Joint Committee. The Council has excellent working arrangements in place with partners as can be evidenced in the most recent report provided to the Governance and Audit Committee in October 2023 on the work being delivered by each of the strategic partnerships.
- iii) **Workforce capacity:** in 2023 the Council approved a workforce strategy which aims to enable the Council to be an employer of choice, to improve attraction and retention rates whilst creating a workforce fit for the future. A Workforce and Organisational Development Transformation Programme is

also in place to support delivery of the strategy and the risk of not having the workforce the organisation needs is on the corporate risk register.

- iv) **Digital transformation:** in 2023 the Council approved a digital strategy which aims to: A Digital Transformation Programme is in place to support delivery of the strategy and the risk of not having effective cyber security arrangements in place is on the corporate risk register.
- v) **Planning for the long term:** In 2023 the Council approved Successful and Sustainable Swansea Corporate Plan which sets out the council's priorities and plans for the period 2023-28 underpinned by the five ways of working and supported by the Council's Medium Term Financial Plan which was approved in March 2024. The plan is further supported by individual annual service plans. In addition to the Corporate Plan the Council is a member of the Public Service Board which has a Wellbeing Plan.
- vi) **Ensuring value for money:** The Council's financial control and governance arrangements (described in this Annual Governance Statement) seek to ensure the Council is making best use of public money, taking informed decisions, based on evidence. That said, there is a recognition that compliance with the Council's Contract Procedure rules needs strengthening, and this will be a continued focus in 2024-25.

## *Glossary of Terms*

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

### **Accrual**

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

### **Actuary**

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

### **Agency Services**

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

### **Amortised Cost**

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

### **Associate**

An associate is an entity other than a subsidiary or joint venture in which the reporting authority has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

### **Audit**

An audit is an independent examination of our activities.

### **Balance Sheet**

This is a statement of our assets and liabilities at the date of the balance sheet.

### **Budget**

A budget is a spending plan, usually for the following financial year.

### **Capital Adjustment Account**

This Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed by depreciation, impairment and disposals, and the amount that has been set aside to finance capital expenditure.

### **Capital Expenditure**

Capital expenditure is spending on fixed assets. These are assets which will be used for several years to provide services such as buildings, equipment and vehicles.

## *Glossary of Terms*

### **Capital Receipts**

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

### **Cash Equivalents**

Cash Equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Cash flow Statement**

This is a statement that summarises the movement in cash during the year.

### **Consolidated Balance Sheet**

This balance sheet combines the assets, liabilities and other balances of all our departments, at our year end date.

### **Corporate and Democratic Costs**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

### **Credit Risk**

This is the risk of loss due to a debtors inability to make interest or principal repayments on a loan/investment.

### **Creditor**

A creditor is someone we owed money to at the date of the balance sheet for work done, goods received or services rendered.

### **Current Assets**

These are short-term assets which are available for us to use in the following accounting year.

### **Current Liabilities**

These are short-term liabilities which are due for payment by us in the following accounting year.

### **Debtor**

A debtor is someone who owed money to us at the date of the balance sheet.

### **Depreciation**

Depreciation is the theoretical loss in value of assets, which we record, in our annual accounts.

## *Glossary of Terms*

### **Earmarked Reserves**

These are reserves we have set aside for a specific purpose.

### **Financial Year**

This is the accounting period. For local authorities it starts on 1<sup>st</sup> April and finishes on 31<sup>st</sup> March in the following year.

### **Finance Leases**

When we use finance leases, we take on most of the risks (and rewards) of owning the assets.

### **Fixed Asset**

These are long-term assets we use (usually for more than one year).

### **Gilt Edged Stocks**

These are investments in government or local authority stocks. They are regarded as risk-free.

### **Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **Housing Revenue Account**

This account contains all our housing income and spending.

### **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

### **Joint Venture**

A joint venture is an entity in which the reporting authority has an interest on a long-term basis and is jointly controlled by the reporting authority and one or more other entities under a contractual or other binding arrangement.

### **Leasing**

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.



## **Glossary of Terms**

### **Liability**

A liability is an amount payable at some time in the future.

### **Liquidity Risk**

This is the risk that investments cannot be readily turned into cash or realised because there is no ready market for the instrument or there are restrictive clauses in the agreement.

### **Minimum Revenue Provision (MRP)**

This is the amount we have to set aside to repay loans.

### **Non-Domestic Rates (NDR)**

The NDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local authority spending. The NDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

### **Net Realisable Value**

The selling price of the asset, reduced by the relevant cost of selling it.

### **Non Distributable Costs**

These are costs that relate to past activity costs, such as the cost of redundant assets or information technology, or past service pension that cannot be allocated to services.

### **Operating leases**

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

### **Precepts**

This is the amount we pay to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

### **Provision**

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

### **Public Works Loan Board (PWLB)**

This is a Government agency which provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which Government itself can borrow.

### **Related party transactions**

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

## **Glossary of Terms**

### **Reserves**

These are sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

### **Revaluation Reserve**

This reserve represents the difference between the revalued amount of fixed assets in the Balance Sheet and their depreciated historical cost.

### **Revenue**

Income arising as a result of an Authority's normal operating activities.

### **Revenue account**

This is an account which records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

### **Scheduled organisation**

An organisation whose employees have an automatic right to be members of a pension fund.

### **Service recipient**

A party that has contracted with an Authority to obtain goods or services that are an output of the Authority's normal operating activities in exchange for consideration.

### **Securities**

These are investments such as stocks, share and bonds.

### **Stocks**

Stocks are raw materials we purchased for day to day use. The value of those items we had not used at the date of the balance sheet is shown in current assets in the balance sheet.

### **Subsidiary**

An entity is a subsidiary of the reporting authority if:

- the authority is able to exercise control over the operating and financial policies of the entity, and
- the authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

### **Temporary Borrowing or Investment**

This is money we borrowed or invested for an initial period of less than one year.

### **Transfer value**

This is the value of payments made between funds when contributors leave service with one employer and decide to take the value of their pension contributions to their new employer's fund.

## *Glossary of Terms*

### **Trust Funds**

Trust funds hold an individual's or organisation's money on their behalf. Trustees administer the money for the owners.

### **Unit Trusts**

These are investment companies which accept money from many different investors. The money is pooled and used to buy investments.

### **Venture Capital Units**

These are investments we have made in businesses where there is a higher risk but where rewards are also likely to be higher, if the businesses are successful.

### **Work in Progress**

Work in progress is the value of work done on an unfinished project at the date of the balance sheet and which has not yet been recharged to the appropriate revenue account.