



# Statement of Accounts 2023/24

*The County Council of the City and County of Cardiff*



STRONGER  
FAIRER  
GREENER



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# Narrative Report by Council's Statutory Finance Officer



CRYFACH  
TECACH  
GWYRDDACH

STRONGER  
FAIRER  
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## ***Introduction***

This report presents the 2023/24 Statement of Accounts for the County Council of the City and County of Cardiff (the Council). It sets out our financial performance for the past year and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

## ***Our City***

Cardiff is the Capital City of Wales, covering approximately 140 square kilometres, a population of 360,000 and 165,000 homes. As the Capital City of Wales, it is an economic, cultural and political capital city and a city of strong and safe communities, great schools and universities, creative, talented, and welcoming people.

Like all cities, Cardiff has its challenges and health, social and economic inequalities exist within the city. In fact, if the 'Southern Arc' of Cardiff was considered a single Local Authority, it would be identified as the most deprived in Wales. Economic success has brought pressures such as congestion, air pollution and a demand for affordable housing.

## ***Stronger, Fairer, Greener***

'Stronger Fairer Greener' are the key policy themes that will underpin the Council's work over the next few years.

- A stronger city, with an economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and empowered communities, all supported by well resourced, efficient public services.
- A fairer city, where the opportunities of living in Cardiff can be enjoyed by everyone, whatever their background, where those suffering the effects of poverty are protected and supported, where a fair day's work receives a fair day's pay, and where every citizen is valued and feels valued.
- A greener city which, through our One Planet Cardiff programme, takes a lead on responding to the climate emergency, which celebrates and nurtures biodiversity, with high-quality open spaces within easy reach for rest and play which are connected by convenient, accessible, safe sustainable transport options.

The Council aims to address the above challenges by embarking on a programme of action, with commitments and targets to move forward in the face of significant budgetary pressures.

The Council's Corporate Plan and the Wellbeing Plan translate the above priorities into deliverable organisational objectives, setting out the steps to be taken and how performance will be measured.

In the wider context of delivering these objectives, the financial climate remains challenging and in the medium term, the amount of funding available for services will make their continued delivery very challenging. This will form the backdrop to public service delivery as the Council responds to the realities of an uncertain geopolitical and post pandemic world to deliver its agenda for the city.

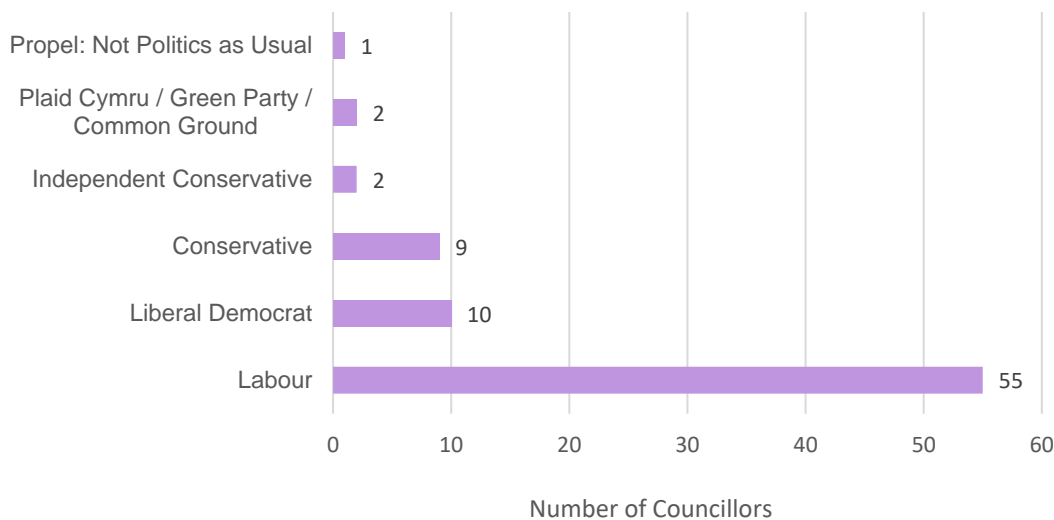
Further information can be found using this link

**Stronger Fairer Greener ([cardiff.gov.uk](https://cardiff.gov.uk))**

## ***Our Democracy***

The Council has 79 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework.

Cardiff Councillors - Political Party Representation



The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. The Council annually selects a Lord Mayor to perform a civic role, promote the city and chair Council meetings. 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 Committees support the work of the Cabinet and the Council by:

- monitoring decisions of the Cabinet
- allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council
- producing reports and recommendations to support the development of policies and decisions
- having the ability to review a decision, which has been made but not yet implemented.

Regulatory and other committees support delivery of Council services. Council has given the Governance and Audit Committee the responsibility for the review of the Financial Statements for the Council. This is prior to full Council's consideration of the external audit opinion and approval of the financial statements. The Council's Management Team is led by Chief Executive Paul Orders and includes Corporate Directors,

Directors and Assistant Directors, including the statutory officers (Director of Social Services, Monitoring Officer and Section 151 Officer). They are responsible for:

- providing impartial advice on policy and implementing decisions of the Cabinet and Council; and
- delivery of services and performance.

## ***Our Services and the way we work***

The Council provides over 700 services, supporting local communities and improving the lives of local people, some of which are shown below.

<b>Planning, Transport and Environment</b>	<b>Economic Development</b>
<ul style="list-style-type: none"> <li>• Bereavement and Registration</li> <li>• Highways infrastructure and street cleaning</li> <li>• Transport and Civil Parking Enforcement</li> <li>• Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Business and Investment</li> <li>• Regeneration and major projects</li> <li>• Corporate Landlord</li> <li>• Culture, Venues and tourism</li> <li>• Leisure, Parks and Sport</li> <li>• Waste Collection, Recycling, Treatment, Disposal and Education</li> </ul>
<b>People and Communities - Housing and Communities</b>	<b>People and Communities - Social Services</b>
<ul style="list-style-type: none"> <li>• Community Hubs and Libraries</li> <li>• Customer facing services e.g. preventive and 'into work' services</li> <li>• Independent living and community alarm</li> <li>• Adult and community learning</li> <li>• Performance, Partnerships and Housing Revenue Account – council dwellings management</li> </ul>	<ul style="list-style-type: none"> <li>• Adult learning disabilities and mental health</li> <li>• Youth offending</li> <li>• Children's safeguarding, early help, fostering and residential services</li> <li>• Support for older people and those with physical disabilities</li> </ul>
<b>Education and Lifelong Learning</b>	<b>Resources</b>
<ul style="list-style-type: none"> <li>• Nursery, Primary, Secondary and Special schools</li> <li>• Youth and community education and community learning</li> <li>• Achievement and Inclusion</li> <li>• Schools Catering</li> <li>• Schools Transport</li> </ul>	<ul style="list-style-type: none"> <li>• Finance</li> <li>• Human Resources</li> <li>• Commissioning and Procurement</li> <li>• ICT, Customer and Digital services</li> <li>• Central Transport Services</li> </ul>
<b>Corporate Management</b>	<b>Resources - Governance and Legal Services</b>
<ul style="list-style-type: none"> <li>• Precepts, levies and contributions</li> <li>• Corporate initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Democratic, electoral and legal services</li> <li>• Scrutiny, member and bilingual services</li> </ul>

## ***Our Performance***

The Wellbeing of Future Generations Act requires the Council to publish an annual report of progress against achieving its Wellbeing Objectives. The Local Government and Elections Act also requires the Council to keep performance under review and report on its performance. These performance requirements are discharged through a self-assessment process undertaken twice a year. The Council's end-of-year self-assessment is titled the Annual Wellbeing Report, in line with statutory requirements.

Both the Annual Well-being Report and the Mid-Year Self-Assessment draws on a number of sources of intelligence to make judgements about the Council's performance, including performance against Corporate Plan Commitments, budget monitoring, risk management as well as the judgements of external regulators. The report is formally considered by the Council's Senior Management Team and Cabinet as well as the Council's wider political governance, which includes the Policy Review and Performance Committee and the Governance and Audit Committee. The Annual Wellbeing report *Annual Wellbeing Report* for 2023/24 was approved by Cabinet and Council in September 2024.

## ***Risks and Financial Outlook***

We prepare an Annual Governance Statement (AGS) each year, to disclose the findings of our annual review of the Council's governance. The AGS includes an Action Plan for any significant governance issues identified as part of the review, to be progressed by Senior Management. It is approved by Council in parallel with the Financial Statements and is used for governance reporting and improvement. This is available on the Council's website at the following address.

***Link to be inserted following Council consideration***

In preparing the AGS, the Council has adopted the 'Delivering Good Governance in Local Government' framework, developed by CIPFA and the Society of Local Authority Chief Executives. It comprises the systems, processes, culture and values through which the Council is directed and controlled and its engagement and work with the community. The AGS is built through core disclosures from Senior Management, and the independent opinions of the Internal Audit Manager and the Governance and Audit Committee.

The Council's Governance Framework comprises the systems, processes and controls, culture and values in place to enable the council to carry out its functions effectively. We prepare an Annual Governance Statement (AGS) each year, to disclose the findings of our annual review of the Council's governance to ensure they remain effective.



The Chartered Institute of Public Finance and Accountancy (CIPFA Financial Management (FM) Code has been in place by the Council since 2021/22, with a goal to improve the financial resilience of organisations by embedding enhanced standards of financial management. The impact of wider geopolitical and economic factors continued to test that financial resilience in 2023/24 and the medium term.

The Council's risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council's most critical risks to Senior Management Team for ownership, mitigation, review and reporting. At 31 March 2024, there were ten corporate risks at a 'red' residual risk status i.e., major or significant consequence is likely without further mitigation.

Schools Delegated Budgets
The number of schools with deficit budgets and/or the overall value of deficit budgets increases, or that those schools (particularly in the Secondary sector) with existing deficit budgets do not deliver agreed deficit recovery plans.
Housing Emergency
In December 2023, Cabinet declared a housing emergency in the city. There is currently unprecedented demand for homelessness services and Temporary Accommodation. There is a lack of certainty regarding capital and revenue funding from the Welsh Government to address these issues. The cost-of-living crisis continues which is forcing more people into poverty, impacting on their ability to pay their housing costs.
Air Quality and Clean Air Strategy
Air quality in Cardiff does not meet statutory requirements set by legislation and continues to have a detrimental impact on health for residents and visitors to Cardiff.
City Security
Major security-related incident in 'crowded places' as a result of international or domestic terrorism.
Climate Change and Energy Security
Cardiff is not able to manage the effects of climate change and energy security due to lack of future proofing for key (social and civil) infrastructure and business development.
Coastal Erosion
Breach of current defences resulting in widespread flooding.
Increase in Demand (Children's Services)

Failure to effectively manage and respond to increasing demand resulting in increase in number of children requiring services and financial pressures this presents.

**Financial Resilience**

Within the context of there being a Budget Gap of £142 million for the period 2025/26 to 2028/29. There is a risk of:

- Failure to deliver a balanced annual budget.
- Failure to provide a fully informed Medium Term Financial Plan along with a timely strategy to address resultant gap.
- Lack of appropriate mechanisms to identify and manage unexpected financial liabilities.

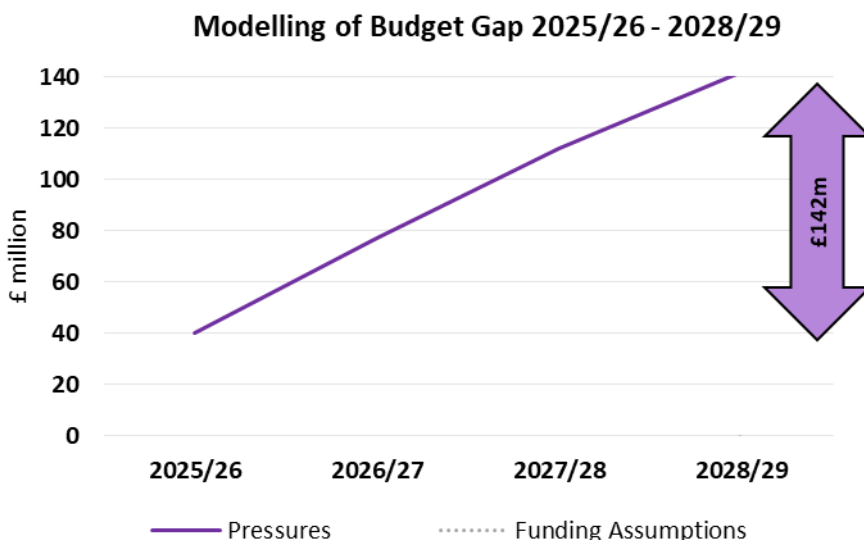
**Cyber Security**

There are 10 areas of potential risk identified within the National Cyber Security Centre cyber risk model. These include: Architecture and configuration; Vulnerability management; Identity and access management; Data security. <https://www.ncsc.gov.uk/collection/10-steps>

**Schools Organisation Programme (Band B)**

Failure of the Education Directorate to deliver the schools estate capital investment programme can have serious consequences for the quality and safety of the education system.

Budget Gap is the term used to describe the difference between the funding the Council expects to receive, and the estimated cost of continuing to deliver services at the current level. Put simply, the gap is a result of funding failing to keep pace with demand, inflation and other financial pressures. A budget gap of £142 million between 2025/26 and 2028/29 was forecast as part of the medium-term financial plan approved in March 2024. This continues to be updated as part of emerging information.



This is due to factors such as employee costs, price inflation, allowance for emerging pressures, paying for capital projects and population demand in areas such as Adult Social Care and Looked after Children.

A range of options were considered in order to address the budget gap in 2023/24 and future years including continuing to review and challenge all directorate budgets for efficiency savings such as staffing,

premises costs, external spend, income generation and grant maximisation; service change savings which have an impact on existing service levels; maximising opportunities for digital transformation and to work across directorates and in partnership with other organisations; and considering the level at which it is affordable to continue to subsidise services of a more discretionary nature.

Looking ahead, with increased levels of risk to the delivery of savings targets and demand likely to remain unpredictable as a result of uncertainty, financial resilience risk will need to be managed and monitored closely to ensure financial sustainability. Significant capital expenditure investment is proposed in areas such as new schools; to address the condition of existing assets used in service delivery; to develop new council housing; economic regeneration and for sustainable travel schemes. The five-year investment plan potentially requires a significant increase in borrowing to pay for investment, the cost implications of which will need to be reviewed as a consequence of increased interest rates on financial models supporting projects and in developing business cases.

Inflation impacts on the Council as a result of pay awards, the energy crisis and wider cost of living challenges are factors requiring ongoing review. This impacts on areas such as utilities, commissioned social care, transport, fuel, the cost of capital projects as well as repair and maintenance costs of assets used in delivering services.

Further details of the Council's budget for 2024/25 and Medium Term are available on the Council's website [Link](#) and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account Budget and MTFP
- Capital Strategy
- Treasury Management Strategy
- A financial resilience snapshot which sets out a number of financial indicators and ratios.

## ***Financial Performance 2023/24***

The Council's budget for 2023/24 was approved in March 2023. The budget was set against a backdrop of financial uncertainty, significant challenges in funding services, increasing demand for our services, further savings targets to be made and a 1.9% Council Tax increase. A net revenue budget of £803.894 million was approved for 2023/24 as well as a Medium Term Financial Plan based on a rolling four-year period from 2023/24 to 2027/28, ensuring that resources are aligned to outcomes in the Corporate Plan.

## **Revenue Expenditure and Funding**

Revenue expenditure covers the cost of the Council's day-to-day operations and contributions to and from reserves.

Directorate	Net Expenditure Budget	Net Expenditure Outturn	Variance (Under)/Over
	£000	£000	£000
Corporate Management	29,035	28,928	(107)
Economic Development	12,232	14,625	2,393
Economic Development - Recycling and Neighbourhood Services	41,524	41,312	(212)
Education & Lifelong Learning	343,899	345,156	1,257
People & Communities - Communities and Housing	50,863	49,885	(978)
People & Communities -Performance and Partnerships	3,114	3,048	(66)
People & Communities - Social Services - Children's	90,447	95,659	5,212
People & Communities - Social Services - Adults	149,086	148,852	(234)
Planning, Transport and Environment	10,790	10,582	(208)
Resources - Governance and Legal Services	7,529	7,773	244
Resources	18,707	17,867	(840)
<b>Directorate Outturn Subtotal</b>	<b>757,226</b>	<b>763,687</b>	<b>6,461</b>
Capital Financing	36,193	33,626	(2,567)
General Contingency	1,000	0	(1,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	9,475	6,581	(2,894)
<b>Total Council Outturn</b>	<b>803,894</b>	<b>803,894</b>	<b>0</b>

The Council contained its spending within the £803.894 million budget approved for the year, after transfers to and from earmarked reserves. The directorate position reflected a net overspend of £6.461 million and was offset by underspends against the Summary Revenue Account, the general contingency and capital financing budget as well as a better than anticipated position on Council Tax collection. The overall position improved throughout the year, largely due to reduction in spending and the receipt of additional external grant funding.

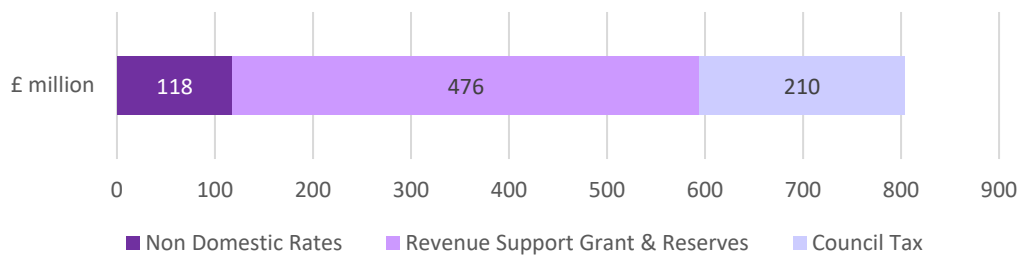
Non-Domestic Rates (NDR) are collected by the Council for Welsh Government based on the value of buildings used in business or for non-domestic purposes and a rate is set annually. The net NDR collectable by Cardiff for 2023/24 totalled £168.928 million of which Cardiff received £118.293 million after redistribution by Welsh Government. The in-year collection rate was 93.86% (93.51% in 2022/23).

All Wales collection statistics can be found using this link [Non-domestic rates \(gov.wales\)](#).

Revenue Support Grant of £475.312 million from Welsh Government was received in the year. Council Tax collected by the Council includes precepts for the police and community councils and where applicable these were passed onto the relevant bodies. Council Tax income attributable to the Council of £210.265 million funds just over a quarter of the Council's net expenditure. The in-year collection rate was 95.73% (96.18% in 2022/23).

All Wales collection statistics can be found using this link [Council Tax \(gov.wales\)](#).

### How the Revenue budget was paid for



## Housing Revenue Account (HRA)

The Housing Revenue Account is a ring-fenced account shown within the Housing and Communities directorate. It includes income from rents and expenditure on managing the housing stock and related services:

- The council has 14,016 dwellings as at 31 March 2024
- The average weekly net rent for 2023/24 was £118.85
- Income including rent and charges for services totaled £101.603 million
- Revenue expenditure included £33.328 million on repairs and maintenance, £36.040 million on supervision and management and £35.130 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

The Housing Revenue Account reported a balanced position for 2023/24 after a net transfer from earmarked reserves of £5.200 million. Overspends on the Housing Repairs Account primarily within responsive repairs were offset by reduced capital financing charges, rent and service charge income above target, employee savings, reduced utilities and other premises costs. Reduced capital financing costs (debt repayment and external interest charges) were as a result of receiving additional grant for housing projects and a delay in construction projects as part of a significant programme of investment in new housing.

## Capital Expenditure and Funding by the Council

Capital investment forms a large part of our spending. The Council has an ambitious capital programme to deliver projects that are fundamental to the Council achieving its aspirations and to re-shape how we deliver our services. Capital spending during the year totalled £301.363 million.

Schemes	Detail	£m
Business and City Development	Town Centre Loans; Indoor Arena enabling and business grants.	2.8
Parks, Leisure and Venues	Parks play areas, open space and infrastructure; Leisure and venues buildings maintenance; Roath Park dam scheme design, Pentwyn leisure centre design and Harbour asset renewal.	3.7
Recycling and Waste Management	Roll out of segregated waste collection; Landfill after care provision, electric charging infrastructure and depot enhancements, settlement of landfill tax liability to HMRC.	23.4
Property	Investment Property Strategy acquisitions, Works to allow relinquishment of leased buildings; City Hall mechanical works design.	3.5

Education & Lifelong Learning	21 <sup>st</sup> Century schools Band B including new Fitzalan High School completion, construction works for Fairwater Campus and Willows new schools. Demolition of Ty Glas and investment in the condition and suitability of school buildings,; Childcare. New developer funded primary schools.	115.2
Neighbourhood Regeneration and Private Housing	Disabled adaptation grants allowing people to live independently in their homes; neighbourhood regeneration schemes, contribution to Canton community facility.	7.8
Social Services – Children	Acquisition of properties in accordance with the Right Homes, Right Support, Children Looked After Commissioning Strategy.	3.2
Highways & Transportation	Road and footpath resurfacing; Coastal and flood risk mitigation; LED lighting completion in residential areas; public transport and road safety improvements; cycling strategy implementation; investment in active travel and safe routes in communities; city centre air quality measures including completion of Wood Street and Canal Quarter.	29.8
Fleet	Electrical and Refuse collection vehicle acquisition including grant towards expansion of electric bus fleet in the city.	9.4
Energy Projects and Sustainability	One planet small schemes and loan to Cardiff Heat Network Ltd.	9.0
Public Housing	Disabled adaptations; estate regeneration; investment in existing stock condition; acquisition of land and existing dwellings from the private market; construction of new dwellings.	107.4
Other	Bereavement asset renewal; Interchange public realm completion; ICT Refresh and Local Broadband Fund grant.	3.2
<b>Total</b>		<b>318.4</b>

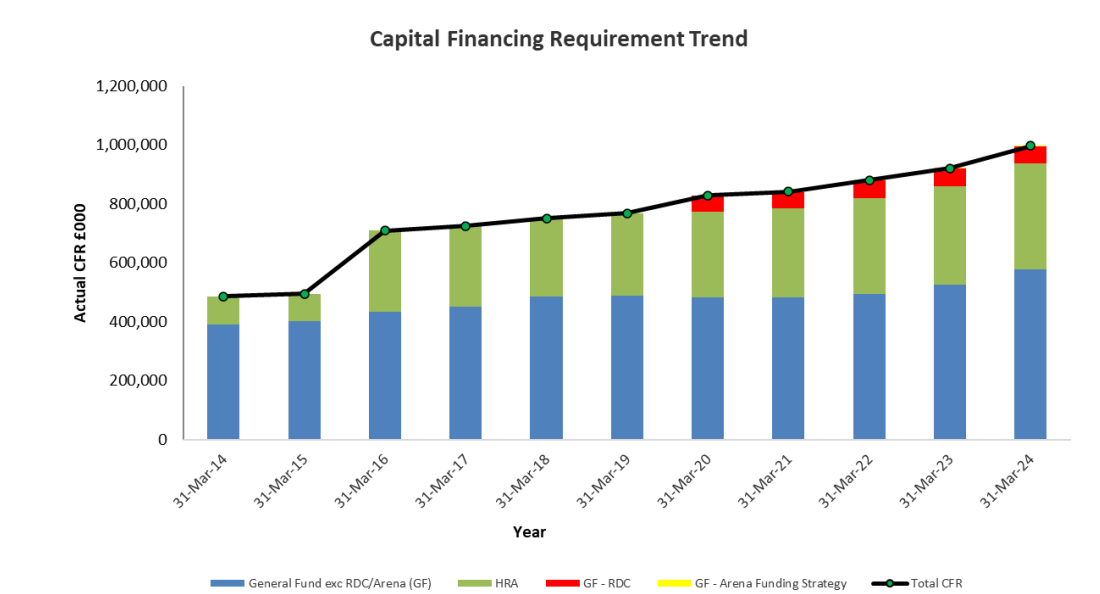
Capital spending must be paid for, and the table below highlights the various sources of capital funding for 2023/24. This includes grants from Welsh Government and other public bodies including the Major Repair Allowance and General Capital grant, capital receipts i.e. money from selling Council assets, external contributions from developers and the Council's own revenue budget or Earmarked Reserves previously put aside towards capital expenditure projects.

Where the previous sources of funding are not available, expenditure can only be paid for by the Council increasing its commitment to undertake more borrowing. This borrowing does support all expenditure in the approved capital programme including maintaining existing assets such as roads and buildings, disabled adaptations, regeneration projects as well as investment proposed to be undertaken on the basis it will pay for itself over a significant period of time e.g new housing and some key major projects.

Borrowing must be repaid and has a cost. This may in some cases be paid for in full and over time by Welsh Government grant (Supported Borrowing) or be paid for by additional external income, future savings, Council tax or Rent (Unsupported Borrowing). As well as the interest cost of borrowing money, the costs of any investment supported by borrowing must be repaid over a prudent period of time from existing budgets and future income. This may be from existing revenue budgets, future increases in Council Tax or Rent, future Revenue Grant or additional income, the latter often being categorised as 'Invest to Save'.

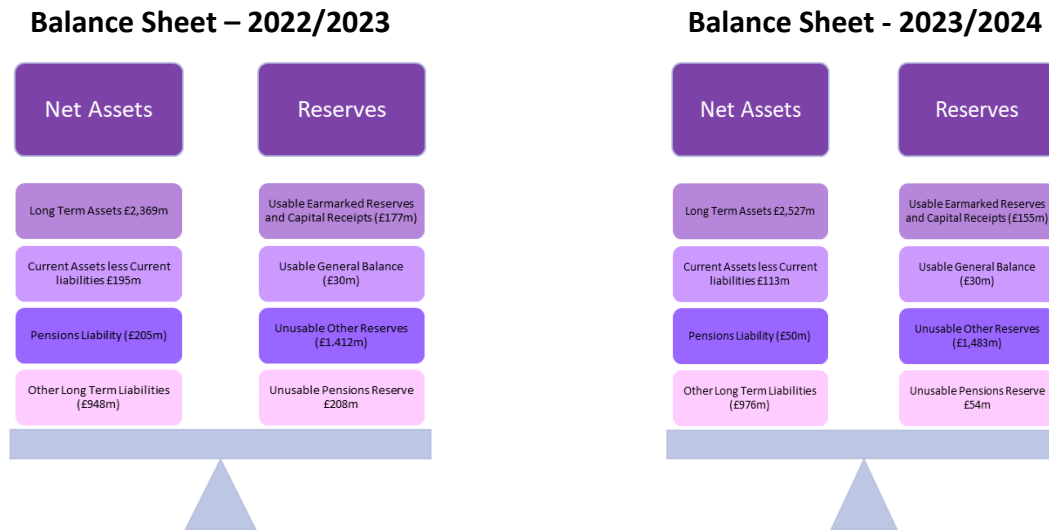
Funding Source	2023/24 Actual	% of funding
	£000	%
Welsh Government and other external grants	122,434	38.46
External Contributions	21,545	6.77
General Capital Funding (WG Grant)	9,166	2.88
Major Repair Allowance (WG Grant)	9,570	3.01
General Capital Funding - WG Supported Borrowing	8,925	2.80
Additional - Unsupported Borrowing	110,016	34.56
Invest to Save - Unsupported Borrowing	23,048	7.24
Revenue / Reserves	10,889	3.42
Capital Receipts	2,735	0.86
<b>Total</b>	<b>318,328</b>	

Capital expenditure incurred historically by borrowing (the borrowing requirement), but yet to be paid for from future revenue or capital income is termed the Capital Financing Requirement (CFR). The historic trend is shown in the next chart.



In 2015/16 additional borrowing was taken by the Council and paid to HM Treasury to exit the HRA subsidy system. The CFR and associated financing costs, interest and repayment, of capital investment are to increase significantly in future years, with the Council's Capital and Treasury Management Strategies setting out a range of indicators for affordability, prudence and sustainability of the Council's capital investment plans. Subject to the timing and delivery of those capital expenditure plans approved by the Council as part of its budget, the CFR is forecast to exceed £1.5 billion over the medium term plan, resulting in a need to borrow money in future years. Each year, an amount deemed prudent is charged to our revenue budgets to reduce the CFR.

## Financial Position



## Property, Plant, Equipment and Other Non-Current Assets

The valuation of assets involves a number of assumptions; however, movements in asset valuations as well as any accounting charges such as depreciation have no impact on the council tax or rent payable, as they are required to be reversed from unusable reserves.

Note 14 details movements in assets, capital expenditure and its financing:

- Capital receipts from the disposal of property assets and similar income was £6.466 million.
- As part of the Council's rolling programme, revaluations took place during the year for investment properties, surplus assets and Council Dwellings and a sample of operational land and buildings. The Council's approach to valuation is part of a shortened cycle of revaluations that is over and above the recommended minimum five year period set out in CIPFA guidance for valuations. This supports us to ensure the values recorded in the accounts reflect the significant numbers of assumptions, variables and market conditions, where relevant, that impact on such data over a reasonable and planned time frame. Valuations are for technical accounting purposes only.
- The Council also took ownership during the year of two new primary schools as part of large housing developments in the City from developer contributions. A valuation of the Cardiff High School site was also included in the accounts following confirmation of the Council's interest alongside a Trust Fund.
- An assessment across all Council buildings in Cardiff has been completed to identify if any Reinforced Autoclaved Aerated Concrete (RAAC) was used in the construction of buildings. The only property where RAAC has been identified was St David's Hall, which was the subject of report considered by the Cabinet in July 2023 and impairment in the valuation included in the 2022/23 accounts.

- Monies spent on assets during the year are reflected in the note, with the Council's property asset management plan updates during the course of the year identifying likely future changes, particularly in respect to new schools developments, new affordable housing, a strategy for addressing maintenance and suitability issues in respect to Council offices, major development projects such as the new indoor arena and the approach to making Council buildings energy efficient.

## Financial Assets and Liabilities

Treasury Investment and borrowing activities were undertaken in accordance with regulatory requirements and the Council's Treasury Management Strategy for 2023/24. Investments for treasury management purposes and cash is £97.009 million at 31 March 2024 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 4.76%.

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. In accordance with the Treasury Management Strategy, borrowing is undertaken to manage the Capital Financing Requirement. The net change in actual external borrowing during the year was an increase of £38.644 million to £893.800 million. For treasury management purposes, by comparing the level of the CFR (borrowing requirement) and the level of actual borrowing as 31 March 2024, the latter is lower by approx. £119.186 million. This is the level of 'internal borrowing' and means we are using temporary cash balances to pay for capital expenditure instead of taking out external loans in the short term.

The Council sources the majority of its borrowing needs from the Public Works Loan Board and borrowing interest rates have risen significantly as a result of the economic background in the UK, future inflation forecasts and wider factors such as the overall level of national debt. Whilst this has little financial impact on the Council in the very short term given that all the Council's external borrowing is at fixed interest rates, it will impact on future borrowing that the Council will need to undertake to meet commitments, if rates remain elevated.

Note 15 of the accounts provides further information on the Council's financial assets and liabilities, interest received and paid and the nature and extent of risks involved.

## Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but where the exact amount and timing of payment may be uncertain. This includes insurance claims received as well as for landfill aftercare. During 2023/24, total provisions increased by £12.826 million to £40.712 million. This was primarily as a result of the periodic review of the monies required to meet management and maintenance obligations over a number of years for the former landfill sites at Lamby Way and Ferry Road. Details of the movement of individual provisions are shown in note 21 of the accounts.

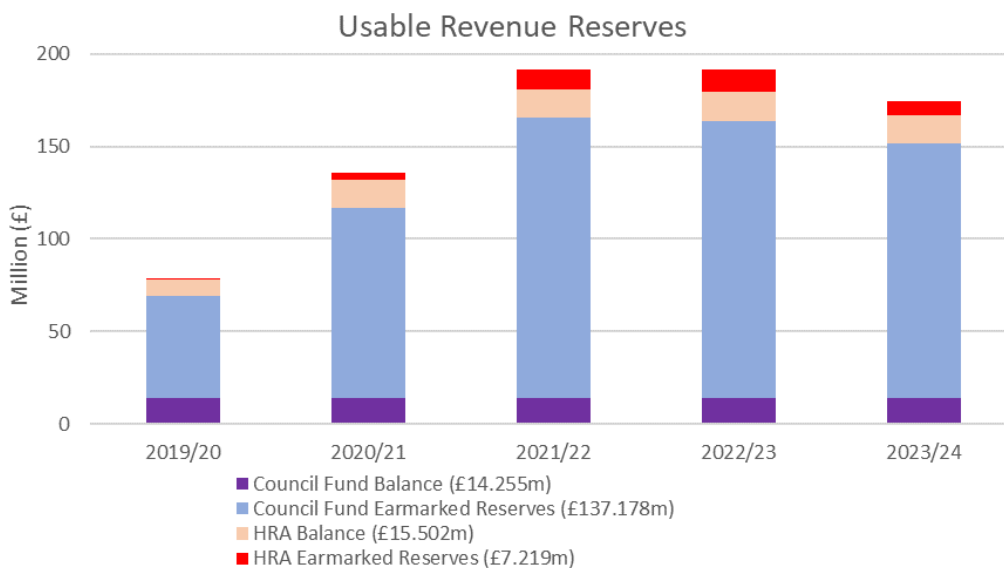
## Pensions Liabilities

The Council's participation in all pension schemes is shown in note 13 of the accounts:

- The cost to the Council during the year towards pension liabilities is £56.700 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £48.390 million at 31 March 2024. This is based on the latest actuarial assumptions, resulting in a decrease of £156.810 million from 2022/23. This is primarily due to an increase in asset values during the year, with assumptions detailed in Note 13.2 - Table entitled Basis for estimating Assets and Liabilities.
- The Local Government Pension Scheme is revalued every three years, with the fund's assets at 31 March 2022 deemed to cover 98% of future liabilities. A 14 year Deficit Recovery Period is in place in order to meet the shortfall.

## Balances and Reserves

Balances and Reserves are sums of money put aside for specific policy purposes or for general contingencies and cash flow management. The use of reserves, creation of new reserves and assessment of their sufficiency also considers risks to financial resilience. The council has been in a position in recent years to be able to increase the level of earmarked reserves to improve the Council's overall level of financial resilience. The reduction in reserves during 2023/24 include those planned for use in 2023/24 as well as changes in schools balances and affordable housing reserves. This reduction is shown in the chart below along with the values for 31 March 2024. Earmarked revenue and other usable reserves are detailed in note 25 of the accounts whilst unusable reserves are shown in note 26.



Whilst the level of the Council Fund Balance has remained untouched in recent years, Cardiff's earmarked reserves levels remain comparably low for an authority of this size. Reserves are one off resources and any use carefully prioritised to ensure that, this is in line with their intended purpose, they are either spent on areas of most impact, or retained as a buffer against areas of highest risk.

## Financial Statements

The Statement of Accounts are set out in this document, accompanied by a Statement of Responsibilities for the financial statements and the Audit Report. The single entity statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority

maintained schools in England and Wales within the control of the local authority. Cardiff Capital Region City Deal (CCRCD) accounts were not available for 2023/24 in preparing these accounts for the Council. Opening and closing balances reflect the draft CCRCD accounts for 2022/23.

The core statements are:

- The Comprehensive Income and Expenditure Statement records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by directorate. The bottom half of the statement deals with corporate transactions and funding.
- The Movement in Reserves Statement is a summary of the changes to our reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements and 'unusable', which must be set aside for specific purposes.
- The Balance Sheet is a 'snap shot' of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The Cash Flow Statement shows the reasons for changes in the council's cash balances during the year and whether that change is due to operating activities, new investment or financing activities.

The supplementary statements are:

- The Housing Revenue Account separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- Group Accounts combine the Council's own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this Council's case, Cardiff City Transport Services Ltd.
- Other statements for regulatory purposes include Trust Funds and Cardiff Harbour Authority.

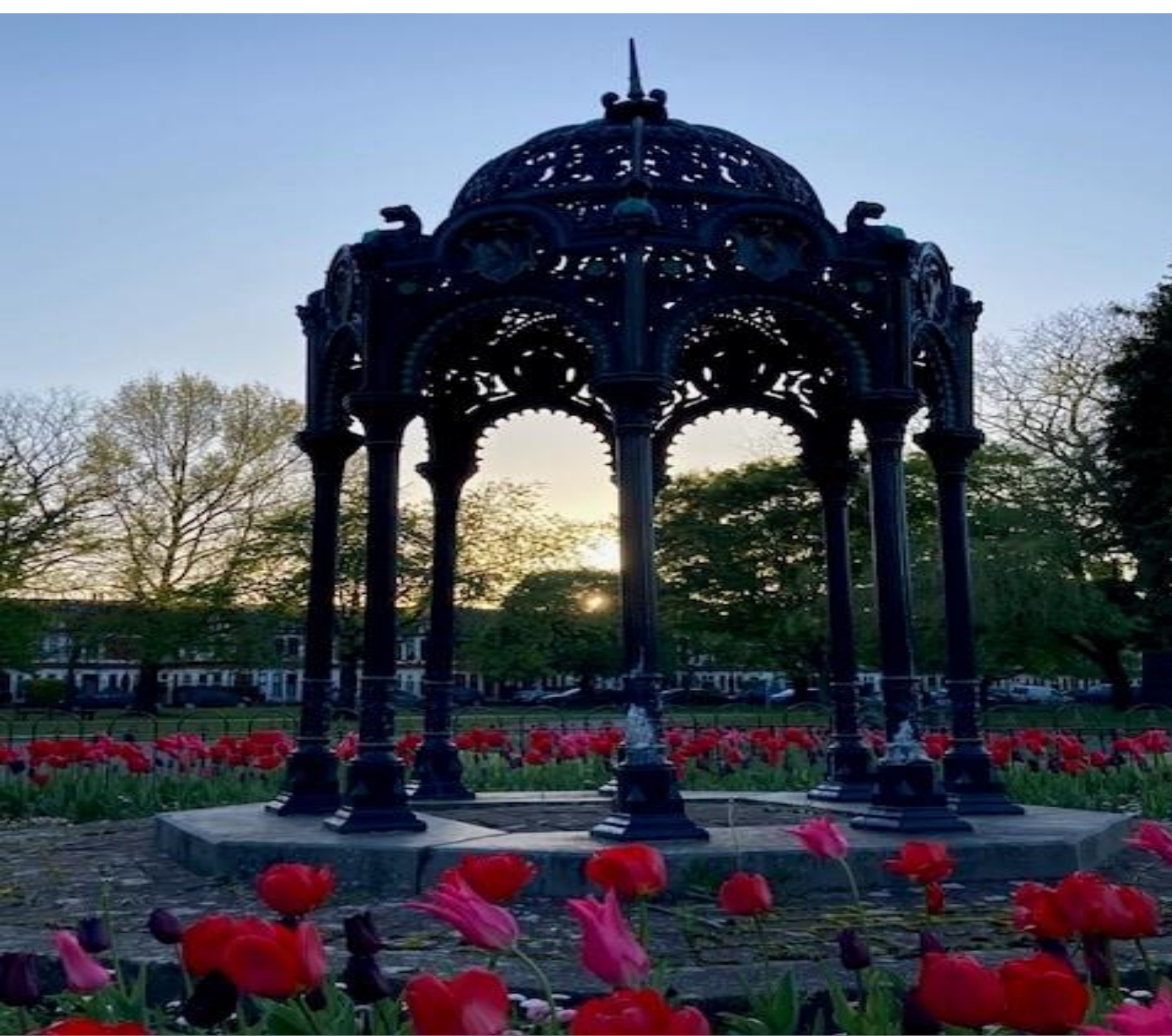
## **Conclusions**

This year was set against continuing uncertainty and risk arising from increases in costs and both geo-political and geo economic issues. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2023/24, however the challenges are significant for future years. Demand for all Council services continues to increase with significant inflationary impacts on the Council as well as residents of the city during a cost of living crisis. These pressures represent a significant challenge to the Council's financial resilience and will require further changes in what we do and how we do it. A challenge which requires difficult choices to be made and a focus on working with our partners to deliver key priorities in order to remain financially sustainable and able to support the most vulnerable into the medium and longer term.

Additional accounting, reporting and consequential audit requirements make preparation of these statements challenging. However, these accounts are not just prepared to meet compliance with requirements but are an important source of information on the Council's financial position and performance. The Governance and Audit Committee and Audit Wales also have a key role in the challenge and independent review of these statements. I am grateful to all those who have contributed to facilitate the transparency of our financial transactions and position set out in these statements.

**Christopher Lee**

**Corporate Director Resources and Section 151 Officer**



# Statement of Responsibilities for the Financial Statements



CRYFACH  
TECACH  
GWYRDDACH

STRONGER  
FAIRER  
GREENER



## ***The Council's responsibilities***

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In 2023/24 that officer was Christopher Lee, Corporate Director Resources who holds the statutory post of Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.



**Councillor Helen Lloyd Jones**  
**Lord Mayor**

**Date:** 28 November 2024

## ***The Corporate Director Resources responsibilities***

The Corporate Director Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

In preparing these financial statements, the Corporate Director Resources has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts.
- made judgements and estimates that were reasonable and prudent; and complied with the Code.

The Corporate Director Resources has also:

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

## ***The Corporate Director Resources Certificate***

The financial statements for the Council give a true and fair view of its income and expenditure for the financial year 2023/24 and financial position of the Council at 31 March 2024.



**Christopher Lee**  
**Corporate Director Resources**

**Date:** 28 November 2024

# ***The Independent Auditor's Report of the Auditor General for Wales to the Members of the County Council of the City and County of Cardiff***

## **Opinion on financial statements**

I have audited the financial statements of:

- the County Council of the City and County of Cardiff; and
- the County Council of the City and County of Cardiff Group

for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

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

The County Council of the City and County of Cardiff's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

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

- give a true and fair view of the financial position of the County Council of the City and County of Cardiff and the County Council of the City and County of Cardiff's Group as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

## **Basis of opinion**

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

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

## **Conclusions relating to going concern**

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

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

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

### **Other Information**

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

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

I have nothing to report in this regard.

### **Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

### **Matters on which I report by exception**

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

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

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

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, including the County Council of the City and County of Cardiff Group financial statements, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;

- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the County Council of the City and County of Cardiff and Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the County Council of the City and County of Cardiff and Group will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance, the Cabinet and Council;

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

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

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

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

### **Other auditor's responsibilities**

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

### **Certificate of completion of audit**

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



Adrian Crompton  
Auditor General for Wales  
29 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ



# Accounting Policies, Critical Judgements and Assumptions



CRYFACH  
TECACH  
GWYRDDACH

STRONGER  
FAIRER  
GREENER



GWYBODAETHYD I  
RHYNGYMRHOI  
GWYBODAETHYD I  
GWYBODAETHYD I

## *Accounting policies used when formulating the accounts*

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2024 and its financial position at that date. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### *1. Accounting Standards issued but not yet adopted*

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

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

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

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- supplies are recorded as expenditure when they are consumed
- services received are recorded as expenditure when the services are received, rather than when the payments are made
- there is a de minimis threshold of £500, under which income and expenditure may not be accrued
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract
- 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 debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

### 3. *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 if it meets the following criteria:

- be available for immediate sale in its present condition
- sale must be highly probable
- be actively marketed or have identified prospective purchasers
- the sale expected to be completed within one year.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where this results in a loss, this 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. An annual review is undertaken as to whether assets still meet the criteria for Assets Held for Sale and where this is not the case they are reclassified and revalued in accordance with the appropriate class.

### 4. *Cash and Cash Equivalents*

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts including those ~~balances of cheque book schools~~. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

### 5. *Contingent Assets and Liabilities*

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in the notes to the accounts where deemed material.

### 6. *Deferred Liabilities*

Where the Council receives income in advance from developers and other organisations in respect of revenue expenditure, such as the future maintenance of assets, the amounts are held in the Balance Sheet as deferred liabilities until such time that the expenditure takes place.

### 7. *Disposals and Capital Receipts*

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

Disposals greater than £10,000 are treated as capital receipts and are credited to the Capital Receipts Reserve.

## 8. *Employee Benefits*

### **Benefits Payable during Employment**

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the Comprehensive Income and Expenditure Statement.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

### **Post-Employment Benefits**

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

- the Teachers' Pension Scheme, administered by the Teachers Pensions Agency
- the Local Government Pension Scheme, via membership of the Cardiff and Vale of Glamorgan Pension Fund administered by the Council.

The Council is also the principal employer and sole statutory employer of the Cardiff City Transport Services Pension Schemes.

The Council accounts for pension costs in the main accounting statements in accordance with International Accounting Standard 19 (IAS19). This requires recognition of the fact that although retirement benefits are not actually payable until an employee retires, the Council's commitment to make those payments arises at the time that employees earn their future entitlements. Accounting treatment depends on whether they are in respect of a defined benefit scheme or a defined contribution scheme.

### **Defined Contribution Schemes**

Centralised arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council and 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. Cardiff City Transport Services has a defined contribution scheme which carries a guaranteed minimum return for its members, which is closed to new members. The assets and liabilities of the scheme is shown in the Balance Sheet.

### **Defined Benefit Schemes**

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefit scheme. There is also a Cardiff Transport Services Defined Benefit Scheme which is closed to new members. The net pension liability, which represents the Council's attributable share of the Pension Fund's assets and liabilities, is shown in the Balance Sheet where:

- liabilities for the scheme attributable to the Council are included on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections earnings for current employees)
- assets of the scheme attributable to the Council are included at their fair value:
  - quoted and unitised securities – current bid price

- unquoted securities – professional estimate
- property – market value.

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

- current service costs: increase in the liability as a result of pension earned by employees in the year is charged to net cost of services.
- past service costs: increase in the liability arising from current year decisions which affect pension earned by employees in earlier years is charged to Corporate Management.
- gains/losses on settlements and curtailments: result of actions to relieve the Council of liabilities or events that reduce expected future service or accrual of benefits are charged to Corporate Management.
- net interest on the net defined benefit liability: net interest expense for the period that arises from the passage of time and is shown within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- re-measurements: return on plan assets (excluding amounts included in net interest) and actuarial gains/losses as a result of updated actuarial assumptions. These are both charged to the Pensions Reserve as Other Income and Expenditure.

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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 Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## 9. *Financial Assets*

Financial assets are classified based on a classification and measurement approach that reflects the Council's business model for holding financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g. principal and interest
- fair value through profit or loss (FVPL) - Achieve objectives by both collecting contractual cash flows and selling assets
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Council has designated that this is the case.

In terms of value of financial assets recognised in the accounts, the authority's primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as capital expenditure in the approved Capital Programme to achieve service objectives. Depending on the rationale for holding such financial assets, primarily equity, the Council may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.

### **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 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 in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains or losses that arise on derecognition of an asset are credited/debited to the CIES.

### **Expected Credit Loss Model**

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment.

The Council undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g. as part of a provision for bad debts, adjustments to the value of financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 in the Surplus or Deficit on the Provision of Services.

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

### **Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)**

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Council. These are likely to be equity holdings held as part of a service objective.

Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve.

Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

### **Fair Value Measurement of Financial Assets**

Fair value measurements for the above financial asset classes measured at fair value 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 levels:

- 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.

## 10. *Financial Liabilities*

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual charges to 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. Interest that is due but is unpaid at the end of the year is recognised in the Balance Sheet as a current liability.

Where a fair value price which is paid to transfer a liability, is estimated and disclosed, inputs to the valuation techniques used to determine fair value are attributed to the same levels as stated under the Financial Assets accounting policy.

Transaction costs, such as brokers' fees and commission in relation to managing the Council's Financial Instruments, which are not considered material, are charged immediately to the Comprehensive Income and Expenditure Statement.

## 11. *Grants and Contributions*

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Council will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

### **Revenue**

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific revenue grants) in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

## Capital

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant such as the General Capital Grant or Major Repair Allowance were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

## 12. *Heritage Assets*

The Council recognises heritage assets where it may have incurred separately identifiable expenditure on their acquisition or preservation or where it has information on the value of the asset.

Heritage assets are included at historic cost if included in the accounts and only measured at fair value where the benefits of doing so outweigh the costs. No depreciation charge is made on heritage assets.

The unique nature of heritage assets makes reliable valuations complex. These difficulties are recognised by the Code and therefore many individual assets are not recorded in the accounts, but additional narrative disclosures are made about the nature and scale of such assets within the notes to the accounts. A valuation is undertaken every 3 years by an external expert for insurance purposes. A valuation of paintings, artefacts, civic regalia and antiquarian books took place during 2022/23.

## 13. *Intangible Non-Current Assets*

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised. In the case of computer software and licences, this will be capitalised where it relates to the enhancement or development of systems, expenditure on which is deemed to generate long-term economic benefits to the Council in the form of savings and improvements in service delivery. Intangible assets are included in the Balance Sheet at historic cost net of amortisation and are reviewed for impairment and re-valued only where they have a readily ascertainable market value.

The assets are amortised to the relevant service line over the economic life of the investment initially set between 3-7 years and reversed in the Movement in Reserves Statement via transfer to the Capital Adjustment Account. Once intangible assets are fully amortised, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

Gains or losses arising from disposal are recognised in the surplus or deficit on the provision of services.

## 14 *Interest Costs of Borrowing*

For 2023/24 the Council has updated its accounting policy for interest costs of borrowing incurred where items of property, plant and equipment take a substantial period of time to construct, acquire or produce the asset for their intended use. Previously borrowing costs had been charged to the financing and

investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred. This will continue for non qualifying assets, however this is to be supplemented to capitalise borrowing interest costs for qualifying assets, the latter which is defined below:

- an asset that incurs interest cost during the construction, acquisition or production of the asset;
- it is probable that the capital expenditure will result in future economic benefits or service potential to the Council; and that the interest costs can be measured reliably
- takes in excess of two years to prepare the asset for its intended use or sale and
- has forecast Council capital expenditure in excess of £50 million in total during the construction phase.

Capitalisation of interest costs will cease when all the activities necessary to prepare the qualifying asset for its intended use are complete.

The calculation of interest costs are either interest forgone on temporary cash balances; where the Council borrows to specifically fund a scheme the amount that is capitalised is the actual cost of borrowing less investment income; or where funds are borrowed generally, a capitalisation rate is used based on the weighted average of borrowing costs during the period.

In applying the new accounting policy, the council has identified no similar qualifying assets previously created for which the change in accounting policy would have impacted, had it been in place at the time. Accordingly, there is no requirement to restate previous financial statements and accompanying notes.

The Council has not applied this policy in 2023/24. This is intended to be applied from 2024/25, subject to progress on expenditure on qualifying Assets.

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

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.

## ***16. Inventories***

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as expenditure.

The balance of inventories that have been donated rather than purchased are held in the Donated Inventory Account.

## ***17. Investment Property***

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A valuation is completed every year, the most recent of which was undertaken by Jones Lang LaSalle in 2023/24.

Investment properties are not depreciated. Gains and losses on revaluation and disposal in addition to rentals received are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance and are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## 18. *Joint Committees*

Subject to materiality and exposure to risk, the relevant proportion of Joint Committees are included within the Council's accounts reflecting the transactions and balances for those Joint Committees. Where information is unavailable, prior year balances are included.

## 19. *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.

### *The Council as Lessee*

#### **Finance Leases**

For plant and equipment, the Council has set a de-minimis level of £75,000 for leases to be recognised as finance leases. The Council does not recognise any leases of this type.

#### **Operating Leases**

Payments for operating leases are charged to the relevant service line on an accruals basis.

### *The Council as Lessor*

#### **Finance Leases**

The Council does not recognise any leases of this type.

#### **Operating Leases**

Where the Council 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 Comprehensive Income and Expenditure Statement.

## 20. *Local Authority Maintained Schools*

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are

recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

## 21. Property, Plant, Equipment

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely, those used for the promotion of culture and knowledge and those expected to be used during more than one financial year.

### Recognition

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accrual's basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

The Council has a de-minimis policy of £1,000 with regards to capitalisation of expenditure in connection with Council dwellings.

Once assets have fully depreciated, they are reviewed in terms of materiality and if necessary, disposed of with the carrying value removed from the asset register.

### Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, including borrowing costs which are capitalised for qualifying assets. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Full Valuation	Surveyor for Last Valuation	Next Full Valuation	Depreciation*
<b>Assets under Construction</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Community Assets</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Council Dwellings</b>	Existing Use Value for Social Housing	Every 2 years	2023/24	Savills	2025/26	Land: n/a Buildings: 50 years
<b>Infrastructure</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	10-120 years**
<b>Other Operational Land &amp; Buildings</b>	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 1-90 years
<b>School Assets</b>	Detailed Depreciated Replacement Cost	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a

Asset Type	Measurement	Valuation Frequency	Last Full Valuation	Surveyor for Last Valuation	Next Full Valuation	Depreciation*
	(Modern Equivalent Asset)					Buildings: 2-50 years
Surplus Assets	Fair Value	Every year	2023/24	Jones Lang LaSalle	2024/25	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-20 years

\* Calculated on a straight-line basis over the below estimated useful lives, unless there is not a determinable finite useful life.

\*\* Included within Infrastructure is the Cardiff Bay Barrage, which is being depreciated over the design life of 120 years.

## Revaluations

Council dwellings, other land and buildings including schools, are required to be valued periodically. The valuations consider not only cost variables but a number of other essential variables such as condition and changes in use. Asset valuations take place with an effective date at 1 April or 31 March where a full professional valuation of a full class of assets indicates that there may be a material change at the final balance sheet position.

The Council must balance the requirement to ensure carrying amounts are not materially different from their fair or current value at the year-end, with the time, costs and resources involved in providing valuation services for accountancy purposes. It does this by:

- undertaking an annual impairment review of property with the Council's in-house valuation team to identify significant changes
- using the experience and local knowledge of the in-house valuation team to provide or source any external valuation services
- having an agreed rolling revaluation programme which is over and above the recommended minimum five year period set out in CIPFA Guidance for revaluations. This is to ensure there is sufficient, regular and consistent coverage of all classes of assets and that valuation changes are averaged out at least over a three-year period, based on full professional valuations.

In interim years between full valuations of asset classes, the Council may carry out asset valuations on a sample within an asset class. This is to identify if economic/market conditions may have had a material impact on reported asset values. This may be for example during periods of high inflation. However, asset accounting valuations may change as a result of a number of factors not just inflation, such as but not limited to; economic conditions, changes to markets in which the assets operate, changing asset condition, levels of use, valuation methods and asset classifications, legal and regulatory requirements. Accordingly care must be taken in assuming a change in a single variable will impact on all assets.

Revaluations of the Council's property assets are undertaken on a minimum three yearly rolling programme basis, or where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision is made to the useful life. It should be noted that revaluation movements are an accounting exercise only and do not impact on the financial performance of the Council, including where such assets are continued to be intended to be held for service delivery purposes.

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 and Downward Revaluation

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired in value, either due to a significant reduction in service potential or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is as follows:

- where there is 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
- thereafter, or if there is no balance in the Revaluation Reserve, 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.

## Component Accounting

Where a single asset may have a number of different components, each having a different useful life, three 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.

These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non-land assets that have a net book value of more than £1.5 million at the end of the financial year
- significance of component. For individual assets meeting the above threshold, where services within a building (boilers/heating/lighting/ventilation etc.), or items of fixed equipment (kitchens/cupboards) is a material component of the cost of that asset (>30%), then those services/equipment will be valued separately on a component basis
- difference in rate or method 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, or that require a different method of depreciation will be identified for componentisation.

Assets that do not meet the tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

## 22. Provisions

Provisions are charged as expenditure to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

### **23. Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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 line in the Comprehensive Income and Expenditure Statement. Where the Council 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 Council 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.

### **24. Reserves**

The Council sets aside useable reserves for future policy purposes or to cover contingencies. Certain reserves are unusable and are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Council and there are no net impacts on council tax or rent.

### **25. Rounding**

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

### **26. Value Added Tax (VAT)**

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.

## *Critical Judgements and Assumptions*

### **Critical judgements in applying accounting policies**

Accounting policies are only applied to material Council transactions. In applying policies, the Council 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:

- there remains a degree of uncertainty about future levels of income and expenditure for the Council and its subsidiaries. However, the Council has determined that this uncertainty is not an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- in 2014/15, CIPFA clarified the requirements for recognising schools property on Council Balance sheets. This highlighted the need for there to be 'control' of assets, with a key criteria for recognition being legal ownership. The Council includes Voluntary Aided, Voluntary Controlled and Foundation schools in its balance sheet only if it owns the land and/or can accordingly direct the use of the assets. In most cases these are owned by religious bodies, the trustees or governing body of the school.

**Assumptions made about the future and other sources of estimation uncertainty**

The Statement of Accounts contains figures that are based on assumptions or estimates about the future or that are otherwise uncertain. Whilst these take into account historical experience, current trends, professional guidance and other relevant factors, actual results could be different. The main items in the Council’s Balance Sheet at 31 March 2024 for which there is a risk of adjustment in future financial years are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Valuation, where required of Property, Plant and Equipment assets, Heritage assets and Investment properties	<p>Valuation of property interests involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, use of discount factors for social housing etc. Valuations are undertaken by qualified Chartered Surveyors, or experts in the relevant field, in accordance with the Practice Statements and Guidance notes set out in the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (The Red Book) and any other relevant guidance.</p> <p>The Council’s approach to undertaking valuations on a more frequent basis than the minimum 5-year period required by the CIPFA Code ensure that changes in all variables impacting on a valuation are captured as soon as possible in the next full and professional valuation.</p>	Any changes to valuations and any associated depreciation charges to services for non-current assets are required to be reversed out in the accounts, so this will not have an impact on Council Tax or rents.
Financial Instrument assets	<p>These are reviewed annually for significant impairment using data such as historic risk of default and other reviews of recoverability.</p> <p>For financial assets not quoted on a recognised exchange or where it is difficult to provide accounting valuations e.g. valuations of the Council’s shareholding in Cardiff City Transport Services Ltd. The fair value is deemed to be Net Worth.</p>	Any change in the fair value of Cardiff City Transport Services Ltd has no impact on the level of Council Tax as changes are reflected by a corresponding amendment in the Financial Instrument Revaluation Reserve.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify.
Arrears	The Authority is owed for items such as sundry debtors, Council Tax, Non-Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes which may impact on collectability, a level of impairment or provision for expected credit losses is assumed. It is not certain however that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	Improvements in collection will improve the reported net cost of services position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.

## Accounting Policies, Critical Judgements and Assumptions

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Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	The current economic situation has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts which may or may not be sufficient.	
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, inflation, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This also includes market volatility caused by geo-political and macro-economic factors.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure. A sensitivity analysis is provided in Note 13.



# Core Financial Statements and Notes to the Financial Statements



CRYFACH  
TECACH  
GWYRDDACH

STRONGER  
FAIRER  
GREENER



## Comprehensive Income and Expenditure

This statement records all of the Council's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The Expenditure and Funding Analysis (Note 2) demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2022/23				2023/24			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
16,471	(8,340)	<b>8,131</b>	Corporate Management		23,488	(15,098)	<b>8,390</b>
140,130	(40,167)	<b>99,963</b>	Economic Development		112,003	(32,870)	<b>79,133</b>
461,993	(106,644)	<b>355,349</b>	Education & Lifelong Learning		490,037	(102,453)	<b>387,584</b>
9,951	(652)	<b>9,299</b>	Governance & Legal Services		8,705	(749)	<b>7,956</b>
10,005	(6,862)	<b>3,143</b>	Harbour Authority		9,552	(6,602)	<b>2,950</b>
236,368	(181,130)	<b>55,238</b>	Housing & Communities		239,150	(188,099)	<b>51,051</b>
82,433	(94,991)	<b>(12,558)</b>	Housing Revenue Account		138,818	(101,603)	<b>37,215</b>
17,700	(13,944)	<b>3,756</b>	Performance & Partnerships		19,609	(16,354)	<b>3,255</b>
79,187	(45,521)	<b>33,666</b>	Planning, Transport & Environment		74,479	(42,296)	<b>32,183</b>
44,681	(23,425)	<b>21,256</b>	Resources		38,464	(18,633)	<b>19,831</b>
169,349	(31,023)	<b>138,326</b>	Social Services - Adults		197,965	(47,547)	<b>150,418</b>
116,354	(21,390)	<b>94,964</b>	Social Services - Children's		123,862	(24,540)	<b>99,322</b>
2,062	(952)	<b>1,110</b>	Summary Revenue Account		15,714	(909)	<b>14,805</b>
<b>1,386,684</b>	<b>(575,041)</b>	<b>811,643</b>	<b>Net Cost of Services</b>		<b>1,491,846</b>	<b>(597,753)</b>	<b>894,093</b>
45,047	0	<b>45,047</b>	Police & Crime Commissioner for South Wales	3	48,827	0	<b>48,827</b>
495	0	<b>495</b>	Community Council Precepts		542	0	<b>542</b>
19,040	0	<b>19,040</b>	Levies & Contributions		21,515	0	<b>21,515</b>
2,150	(4,622)	<b>(2,472)</b>	(Gain)/loss on sale of non-current assets		4,749	(6,129)	<b>(1,380)</b>
<b>66,732</b>	<b>(4,622)</b>	<b>62,110</b>	<b>Other Operating Expenditure</b>		<b>75,633</b>	<b>(6,129)</b>	<b>69,504</b>
34,175	0	<b>34,175</b>	Interest Payable on debt	15	33,882	0	<b>33,882</b>
22,304	0	<b>22,304</b>	Interest on net defined benefit liability/(asset)	13	8,365	0	<b>8,365</b>
0	(3,589)	<b>(3,589)</b>	Interest & Investment Income	15	0	(5,961)	<b>(5,961)</b>
15,315	(20,815)	<b>(5,500)</b>	Income & Expenditure in relation to Investment Properties and changes in their fair value	14	15,290	(14,313)	<b>977</b>
0	(63)	<b>(63)</b>	Movement in Financial Instruments		0	(6,440)	<b>(6,440)</b>
<b>71,794</b>	<b>(24,467)</b>	<b>47,327</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>57,537</b>	<b>(26,714)</b>	<b>30,823</b>
0	(114,112)	<b>(114,112)</b>	Recognised Capital Grants & Contributions	24	0	(146,632)	<b>(146,632)</b>
0	(413,544)	<b>(413,544)</b>	Revenue Support Grant		0	(475,312)	<b>(475,312)</b>
0	(131,182)	<b>(131,182)</b>	Non-Domestic Rates	6	0	(118,293)	<b>(118,293)</b>
1,520	(248,520)	<b>(247,000)</b>	Council Tax Income	5	2,833	(262,468)	<b>(259,635)</b>
1,273	0	<b>1,273</b>	Donated Inventories		7,648	0	<b>7,648</b>

## Comprehensive Income and Expenditure

2022/23				2023/24			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
0	(37)	(37)	Corporation Tax (CCRCD)			0	0
2,793	(907,395)	(904,602)	Taxation & Non-Specific Grant Income		10,481	(1,002,705)	(992,224)
1,528,003	(1,511,525)	16,478	(Surplus)/Deficit on Provision of Services		1,635,497	(1,633,301)	2,196
		(19,206)	(Surplus)/Deficit on revaluation of non current assets	26			(42,334)
		(1,376)	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				(1,995)
		(726,020)	Remeasurement of the net defined benefit liability/(asset)	13			(161,282)
		(746,602)	<b>Other Comprehensive Income &amp; Expenditure</b>				(205,611)
		(730,124)	<b>Comprehensive Income &amp; Expenditure (Surplus)/Deficit</b>				(203,415)

The 2022/23 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2023/24

## Movement in Reserves

The statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Council can use to provide services such as the General Fund and Capital Receipts Reserve whereas Unusable Reserves such as the Pension Fund and Capital Adjustment Account cannot be used, as they are for accounting purposes only.

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022 carried forward</b>	<b>14,255</b>	<b>151,010</b>	<b>15,502</b>	<b>10,587</b>	<b>6,840</b>	<b>6,972</b>	<b>205,166</b>	<b>475,317</b>	<b>680,483</b>
Movement in Reserves during 2022/23									<b>0</b>
Surplus/(deficit) on the provision of Services	(64,723)	0	48,245	0	0	0	(16,478)	0	(16,478)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	746,602	746,602
<b>Total Comprehensive Income and Expenditure</b>	<b>(64,723)</b>	<b>0</b>	<b>48,245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,478)</b>	<b>746,602</b>	<b>730,124</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	63,226	0	(46,412)	0	840	0	17,654	(17,654)	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(1,497)</b>	<b>0</b>	<b>1,833</b>	<b>0</b>	<b>840</b>	<b>0</b>	<b>1,176</b>	<b>728,948</b>	<b>730,124</b>
Transfers to/(from) Earmarked Reserves	1,497	(1,497)	(1,833)	1,833	0	0	0	0	0
<b>Increase/(Decrease) in 2022/23</b>	<b>0</b>	<b>(1,497)</b>	<b>0</b>	<b>1,833</b>	<b>840</b>	<b>0</b>	<b>1,176</b>	<b>728,948</b>	<b>730,124</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>14,255</b>	<b>149,513</b>	<b>15,502</b>	<b>12,420</b>	<b>7,680</b>	<b>6,972</b>	<b>206,342</b>	<b>1,204,265</b>	<b>1,410,607</b>
Movement in Reserves during 2023/24									
Surplus/(deficit) on the provision of Services	(10,167)	0	7,971	0	0	0	(2,196)	0	(2,196)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	205,611	205,611
<b>Total Comprehensive Income and Expenditure</b>	<b>(10,167)</b>	<b>0</b>	<b>7,971</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,196)</b>	<b>205,611</b>	<b>203,415</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	(2,183)	0	(13,172)	0	3,183	(2,000)	(14,172)	14,172	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(12,350)</b>	<b>0</b>	<b>(5,201)</b>	<b>0</b>	<b>3,183</b>	<b>(2,000)</b>	<b>(16,368)</b>	<b>219,783</b>	<b>203,415</b>
Transfers to/(from) Earmarked Reserves (note 25)	12,350	(12,350)	5,201	(5,201)	0	0	0	0	0
<b>Increase/(Decrease) in 2023/24</b>	<b>0</b>	<b>(12,350)</b>	<b>0</b>	<b>(5,201)</b>	<b>3,183</b>	<b>(2,000)</b>	<b>(16,368)</b>	<b>219,783</b>	<b>203,415</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>14,255</b>	<b>137,163</b>	<b>15,502</b>	<b>7,219</b>	<b>10,863</b>	<b>4,972</b>	<b>189,974</b>	<b>1,424,048</b>	<b>1,614,022</b>

## Balance Sheet

This statement is comprised of two balancing sections - the net assets of the Council and the total reserves held.

31 March 2023		Note	31 March 2024
£000			£000
2,092,979	Property, Plant & Equipment incl Infrastructure Assets		2,251,677
67,955	Heritage Assets	14	68,272
167,560	Investment Properties		160,531
1,098	Intangible assets		872
27,596	Long-term Investments	15	31,060
11,772	Long-term Debtors		14,348
<b>2,368,960</b>	<b>Total Long-Term Assets</b>		<b>2,526,760</b>
97,248	Short-term Investments	15	158
4,000	Assets Held for Sale	16	450
10,439	Inventories		2,682
187,806	Short-term Debtors	17	200,871
56,594	Cash and Cash Equivalents	18	96,941
<b>356,087</b>	<b>Total Current Assets</b>		<b>301,102</b>
(12,850)	Short-term Borrowing	15	(23,833)
(138,937)	Short-term Creditors	19	(156,694)
(1,737)	Pension Strain	22	(1,065)
(3,419)	Provisions	21	(4,197)
(3,985)	Deferred Liabilities	23	(1,745)
<b>(160,928)</b>	<b>Total Current Liabilities</b>		<b>(187,534)</b>
(850,737)	Long-term Borrowing	15	(867,720)
(24,467)	Provisions	21	(36,515)
(10,010)	Deferred Liabilities	23	(12,051)
(8,020)	Revenue Grants Receipts in Advance		(14,340)
(22,679)	Capital Grants Receipts in Advance	24	(8,303)
(31,296)	Capital Contributions Receipts in Advance		(34,612)
(494)	Pension Strain	22	(2,283)
(205,809)	Net Pensions Liability	13	(50,482)
<b>(1,153,512)</b>	<b>Total Long-Term Liabilities</b>		<b>(1,026,306)</b>
<b>1,410,607</b>	<b>NET ASSETS</b>		<b>1,614,022</b>
	<b>Financed by:</b>		
14,255	Council Fund Balance		14,255
149,513	Council Fund Earmarked Reserves		137,163
15,502	Housing Revenue Account Balance	25	15,502
12,420	Housing Revenue Account Earmarked Reserves		7,219
7,680	Capital Receipts Reserve		10,863
6,972	Capital Grants Unapplied		4,972
<b>206,342</b>	<b>Total Usable Reserves</b>		<b>189,974</b>
362,612	Revaluation Reserve		401,647
1,046,902	Capital Adjustment Account		1,068,123
66	Deferred Capital Receipts	26	66
11,742	Financial Instruments Revaluation Reserve		20,177
(208,040)	Pensions Reserve		(53,830)
(16,978)	Accumulated Absences Adjustment Account		(12,448)

## Balance Sheet

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7,961	Donated Inventories Account		313
<b>1,204,265</b>	<b>Total Unusable Reserves</b>		<b>1,424,048</b>
<b>1,410,607</b>	<b>TOTAL RESERVES</b>		<b>1,614,022</b>

## Cashflow Statement

This statement shows how the Council generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

2022/23 £000		Note	2023/24 £000
16,478	Net (surplus)/deficit on the provision of services		2,196
(107,948)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	28	(185,520)
112,564	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities*		153,099
<b>21,094</b>	<b>Net cash flows from operating activities</b>		<b>(30,225)</b>
197,357	Purchase of property, plant and equipment, investment property and intangible assets		264,885
837,720	Purchase of short-term and long-term Investments		789,006
(10,220)	Other investing activities		4,783
(9,851)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(6,070)
(949,000)	Proceeds from short-term and long-term investments*		(885,442)
(121,623)	Capital Grants and Contributions		(138,938)
<b>(55,617)</b>	<b>Net cash flows from investing activities</b>		<b>28,224</b>
(31,694)	Cash receipts from short-term and long-term borrowing		(43,110)
10,604	Other financing activities		298
22,770	Repayments of short-term and long-term borrowing		4,466
<b>1,680</b>	<b>Net cash flows from financing activities</b>		<b>(38,346)</b>
<b>(32,843)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(40,347)</b>
23,751	Cash and cash equivalents at the beginning of the reporting period		56,594
<b>56,594</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	18	<b>96,941</b>

\* In 2022/23 there has been an adjustment in cash movements due to the reclassification of investment income within the Cashflow Statement only (£949,000).

## Notes to the Financial Statements

### 1. Adjustments between Accounting Basis and Funding Basis under Regulation

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Usable Reserves 2022/23					Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2023/24				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	
						<b>Adjustments to Revenue Resources</b>					
						<b>Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements</b>					
73,443	5,281	0	0	(78,724)		Pension costs (transferred to/from the Pensions Reserve )	7,520	(448)	0	0	(7,072)
121	(199)	0	0	78		Officer remuneration (transferred to the accumulated absence Reserve )	(4,585)	55	0	0	4,530
77,053	13,618	0	0	(90,671)		Charges for depreciation and impairment of Non-Current assets	71,342	14,828	0	0	(86,170)
15,242	667	0	0	(15,909)		Revaluation losses of Non-Current Assets	13,176	52,629	0	0	(65,805)
(18,750)	(1,027)	0	0	19,777		Reverse previous impairment on revaluation	(3,209)	0	0	0	3,209
604	0	0	0	(604)		Amortisation of Intangible Assets	538	0	0	0	(538)
2,446	0	0	0	(2,446)		Movements in the market value of Investment Properties	7,222	0	0	0	(7,222)
0	0	0	0	0		Movement in the value of Assets Held for Sale	0	0	0	0	0
(66,495)	(47,617)	0	0	114,112		Capital grants and contributions applied	(90,079)	(58,553)	0	0	148,631
0	0	0	0	0		Capital grants unapplied drawdown	2,000	0	0	(2,000)	0
8,407	0	0	0	(8,407)		Revenue expenditure funded from capital under statute	28,028	43	0	0	(28,071)
1,273	0	0	0	(1,273)		Transfer to Donated Inventories	7,648	0	0	0	(7,648)

Usable Reserves 2022/23					Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2023/24				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	
3	0	47	0	(50)	Movement of Financial Instruments	(6,440)	0	0	0	6,440	
(938)	(1,532)	4,621	0	(2,151)	Amount of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(678)	(703)	6,129	0	(4,749)	
<b>92,409</b>	<b>(30,809)</b>	<b>4,668</b>	<b>0</b>	<b>(66,268)</b>	<b>Total adjustments to Revenue Resources</b>	<b>32,483</b>	<b>7,851</b>	<b>6,129</b>	<b>(2,000)</b>	<b>(44,462)</b>	
					<b>Adjustments between Revenue and Capital Resources</b>						
(27,928)	(12,566)	0	0	40,494	Statutory provision for the financing of capital investment	(31,394)	(13,622)	0	0	45,016	
(958)	(3,037)	0	0	3,995	Capital expenditure charged against the Council Fund and HRA balances	(3,489)	(7,400)	0	0	10,889	
0	0	0	0	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	0	0	0	0	
0	0	0	0	0	Capital receipts set aside for the repayment of debt and reduction in Loan debtors	5	0	0	0	(5)	
<b>(28,886)</b>	<b>(15,603)</b>	<b>0</b>	<b>0</b>	<b>44,489</b>	<b>Total adjustments between Revenue and Capital resources</b>	<b>(34,878)</b>	<b>(21,022)</b>	<b>0</b>	<b>0</b>	<b>55,900</b>	
					<b>Adjustments to Capital resources</b>						
(231)	0	1,547	0	(1,316)	Transfers to the Capital Receipts Reserve upon receipt of cash	212	0	(212)	0	0	
(66)	0	5,003	0	(4,937)	Transfers to /from the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0	0	
0	0	(10,378)	0	10,378	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(2,734)	0	2,734	
<b>(297)</b>	<b>0</b>	<b>(3,828)</b>	<b>0</b>	<b>4,125</b>	<b>Total adjustments to Capital resources</b>	<b>212</b>	<b>0</b>	<b>(2,946)</b>	<b>0</b>	<b>2,734</b>	
<b>63,226</b>	<b>(46,412)</b>	<b>840</b>	<b>0</b>	<b>(17,654)</b>	<b>Total adjustments</b>	<b>(2,183)</b>	<b>(13,172)</b>	<b>3,183</b>	<b>(2,000)</b>	<b>14,172</b>	

## 2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

2022/23			Directorate	2023/24		
Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES		Net Expenditure Charged to CF and HRA (outturn)	Adjustments between accounting & funding basis (see note 2.1)	Net expenditure CIES (Net Cost of Services)
£000	£000	£000		£000	£000	£000
29,696	(21,565)	8,131	Corporate Management	28,928	(20,538)	8,390
49,966	49,998	99,964	Economic Development	55,937	23,196	79,133
313,914	41,435	355,349	Education & Lifelong Learning	345,156	42,428	387,584
7,619	1,680	9,299	Governance & Legal Services	7,773	183	7,956
0	3,143	3,143	Harbour Authority	0	2,950	2,950
46,720	8,517	55,237	Housing & Communities	49,885	1,166	51,051
0	(12,558)	(12,558)	Housing Revenue Account	0	37,215	37,215
2,964	792	3,756	Performance & Partnerships	3,048	207	3,255
8,196	25,470	33,666	Planning Transport & Environment	10,582	21,601	32,183
16,198	5,058	21,256	Resources	17,867	1,964	19,831
132,229	6,097	138,326	Social Services - Adults	148,852	1,566	150,418
88,285	6,679	94,964	Social Services - Children's	95,659	3,663	99,322
47,959	(46,849)	1,110	Summary Revenue Account	40,207	(25,402)	14,805
743,746	67,897	811,643	Net Cost of Services	803,894	90,199	894,093
(696,558)	(98,607)	(795,165)	Other income and expenditure	(754,434)	(137,463)	(891,897)
47,188	(30,710)	16,478	(Surplus)/Deficit on Provision of Services	49,460	(47,264)	2,196
	Council Fund	HRA Balance			Council Fund	HRA Balance
	(14,255)	(15,502)	Opening Balance as at 1 April		(14,225)	(15,502)
	0	0	Surplus/(Deficit)		0	0
	(14,255)	(15,502)	Closing Balance as at 31 March		(14,225)	(15,502)

The 2022/23 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2023/24

## 2.1 Note to the Expenditure and Funding Analysis

The adjustments between Accounting and Funding basis are analysed further in the following table with further explanation provided below the table.

2022/23				Directorate	2023/24			
Adjustments for capital purposes (a)	Net change for Pensions Adjustments (b)	Other Adjustments (c)	Total Adjustments		Adjustments for capital purposes (a)	Net change for Pensions Adjustments (b)	Other Adjustments (c)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
21	586	(22,172)	<b>(21,565)</b>	Corporate Management	3,642	1,725	(25,905)	<b>(20,538)</b>
45,390	7,984	(3,376)	<b>49,998</b>	Economic Development	19,746	1,411	2,039	<b>23,196</b>
14,731	15,915	10,789	<b>41,435</b>	Education & Lifelong Learning	43,372	(2,223)	1,279	<b>42,428</b>
34	982	664	<b>1,680</b>	Governance & Legal Services	34	157	(8)	<b>183</b>
2,733	465	(55)	<b>3,143</b>	Harbour Authority	2,912	4	34	<b>2,950</b>
910	6,337	1,270	<b>8,517</b>	Housing & Communities	921	(306)	551	<b>1,166</b>
10,222	5,281	(28,061)	<b>(12,558)</b>	Housing Revenue Account	60,099	(448)	(22,436)	<b>37,215</b>
0	809	(17)	<b>792</b>	Performance & Partnerships	0	113	94	<b>207</b>
22,446	3,491	(467)	<b>25,470</b>	Planning, Transport & Environment	23,943	(1,020)	(1,322)	<b>21,601</b>
2,404	4,998	(2,344)	<b>5,058</b>	Resources	3,007	(738)	(305)	<b>1,964</b>
548	4,796	753	<b>6,097</b>	Social Services - Adults	295	265	1,006	<b>1,566</b>
139	4,777	1,763	<b>6,679</b>	Social Services - Children's	226	(233)	3,670	<b>3,663</b>
0	0	(46,849)	<b>(46,849)</b>	Summary Revenue Account	15,434	0	(40,836)	<b>(25,402)</b>
<b>99,578</b>	<b>56,421</b>	<b>(88,102)</b>	<b>67,897</b>	<b>Net Cost of Services</b>	<b>173,631</b>	<b>(1,293)</b>	<b>(82,139)</b>	<b>90,199</b>
(122,147)	22,304	1,236	<b>(98,607)</b>	Other income and expenditure from the Expenditure & Funding Analysis	(147,035)	8,365	1,207	<b>(137,463)</b>
<b>(22,569)</b>	<b>78,725</b>	<b>(86,866)</b>	<b>(30,710)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>26,596</b>	<b>7,072</b>	<b>(80,932)</b>	<b>(47,264)</b>

The 2022/23 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2023/24

(a) Adjustments for capital purposes – this column adds in depreciation, impairment and revaluation gains and losses in the net cost of services line and:

- **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** – the statutory charges for capital financing i.e. prudent revenue provision and other revenue contributions are deducted from other income and expenditure, as these are not chargeable under generally accepted accounting practices (GAAP)
- **taxation and non-specific income and expenditure** - capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivables during the year to those receivables 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 within the year.

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

- **for the net cost of services** – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs.
- **for financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

(c) Other adjustments between the amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- **for net cost of services** – the accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. These are required to be included within the Net Cost of Services under GAAP, however, are not chargeable to the Council Fund.
- **for financing and investment income and expenditure** – the other differences column recognises adjustments to the Council Fund for the timing differences of premiums and discounts.
- For taxation and non-specific grant income - the difference between what is chargeable under statute for council tax and NDR that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the collection fund.

## 2.2. Expenditure and Income Analysed by Nature

As well as by Directorate, the Council's expenditure and income analysed by type is shown below.

2022/23 £000		2023/24 £000
648,745	Employee benefits expenses	624,499
671,803	Other service expenses	799,480
91,233	Depreciation, amortisation & impairment	86,713
15,315	Expenditure in relation to investment properties & changes in their fair value	15,290
34,175	Interest payments	33,882
64,582	Precepts & levies	70,884
2,150	Loss on sale of non-current assets	4,749
<b>1,528,003</b>	<b>Total Expenditure</b>	<b>1,635,497</b>
(213,518)	Fees, charges & other service income	(231,468)
(20,815)	Income in relation to investment properties & changes in their fair value	(14,313)
(3,589)	Interest & investment income	(12,401)
(379,702)	Income from Council Tax & Non-Domestic Rates	(380,761)
(889,279)	Grants & contributions	(988,229)
(4,622)	Gain on sale of non-current assets	(6,129)
<b>(1,511,525)</b>	<b>Total Income</b>	<b>(1,633,301)</b>
<b>16,478</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>2,196</b>

## 3. Precepts and Levies

2022/23 £000		2023/24 £000
	<b>Precepts</b>	
45,047	Police and Crime Commissioner for South Wales	48,827
	Community Councils:	
61	- Llvane	67
185	- Pentyrch	189
131	- Radyr & Morganstown	159
42	- St Fagans	47
51	- Old St Mellons	55
25	- Tongwynlais	25
<b>45,542</b>	<b>Total Precepts</b>	<b>49,369</b>
	<b>Levies &amp; Contributions</b>	
18,776	South Wales Fire and Rescue Service	21,199
139	Natural Resources Wales	160
120	Cardiff Port Health Authority	151
5	Newport Port Health Authority	5
<b>19,040</b>	<b>Total Levies and Contributions</b>	<b>21,515</b>

#### 4. Participation in Joint Committees

During 2023/24 the Council was lead Authority for three Joint Committees and a member authority of three others. The table below shows the revenue contributions made to these Committees. The Statement of Accounts for each Joint Committee will be available on the lead authority's website following approval.

2022/23 £000	Committee	Purpose	Lead Authority / Accountable Body	2023/24 £000
289	Cardiff Capital Region City Deal (CCRCD)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	303
1,327	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,299
265	Glamorgan Archives	Management and administration of the Glamorgan Records Office	Cardiff Council	288
27	Prosiect Gwyrdd	To manage residual waste treatment	Cardiff Council	27
778	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	810
5,162	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	5,096
<b>7,848</b>	<b>Total</b>			<b>7,823</b>

The balances for CCRCD in 2023/24 included in the accounts remain as at 31 March 2023 due to accounts not being available for inclusion. Council has accounted for its share of the balances with CCRCD but for the other Joint Committees it accounts just for their contributions.

Any capital contributions to CCRCD in respect to the Wider Investment Fund would be included in the core financial statements but not shown in the table above. No capital contribution was made in 2023/24 (£0 for 2022/23).

#### 5. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands, estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the Police and Crime Commissioner for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the number of properties in each band adjusted to a proportion to convert the number to a band D equivalent, totaled across all bands and adjusted for discounts. Cardiff's Council Tax base for tax-setting purposes for 2023/24 was 150,482 (149,107 for 2022/23).

The amounts for a band D property in Cardiff during 2023/24 were as follows:

2022/23 £	Band D Council Tax:	2023/24 £
1,335	Cardiff Council	1,387
302	Police and Crime Commissioner for South Wales	324
<b>1,637</b>	<b>Total</b>	<b>1,711</b>

The above amount (£1,711) is multiplied by the proportion specified for the particular band (see following table) to give the individual amount due. Community Council precepts are then added in each of the six Community Council areas.

### Analysis of property bandings

Band	A*	A	B	C	D	E	F	G	H	I	Totals
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9	
No of Band D equivalent dwellings	4	2,335	12,486	25,042	31,297	30,551	27,079	15,584	5,225	3,121	<b>152,724</b>
Apply Collection rate										<b>98.50%</b>	<b>150,433</b>
Class O (Ministry of Defence) dwellings											49
Council Tax Base											<b>150,482</b>

### Analysis of the net proceeds from Council Tax

2022/23 £000		2023/24 £000
(248,520)	Council Tax collectable	(262,468)
1,520	Impairment for non-payment of Council Tax	2,833
<b>(247,000)</b>	<b>Net proceeds</b>	<b>(259,635)</b>
	Represented by:	
45,542	Precepts	49,369
201,458	Council Tax attributable to the Council	210,266
<b>247,000</b>	<b>Total</b>	<b>259,635</b>

The cumulative impairment for non-payment of Council Tax held at the 31 March 2024 is £11.737 million (£10.388 million at 31 March 2023).

### Council Tax that is past due but not impaired

31 March 2023 £000		31 March 2024 £000
5,636	Debts less than one year	6,428
2,164	Debts between two and 5 years	2,289
127	Debts over five years	142
<b>7,927</b>	<b>Total Council Tax due but not impaired</b>	<b>8,859</b>

## 6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate 53.5p in 2023/24 (53.5p in 2022/23) and, subject to the effects of transitory 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 areas but pays the proceeds into the NDR pool administered by the Welsh Government. The sums collected are redistributed back to Councils on the basis of a fixed amount per head of population. The rateable value was £441.936 million for 2023/24 (£451.288 million 2022/23). An analysis of the net proceeds from non-domestic rates is shown below:

2022/23 £000		2023/24 £000
197,199	Non-Domestic Rates collectable	168,928
(938)	Cost of collection allowance	(935)
1,952	Impairment for non-payment	(1,372)
<b>198,213</b>	<b>Payment into national pool</b>	<b>166,621</b>
<b>(131,182)</b>	<b>Redistribution from national pool</b>	<b>(118,293)</b>

## 7. Agency Income and Expenditure

The Council acted as an agent on behalf of the following in the provision of goods and services:

### Welsh Government

- Non-Domestic Rates (NDR) collection - a net debtor of £25.303 million at 31 March 2024 (£8.440 million debtor at 31 March 2023) is included in the balance sheet which represents the amount paid over to Welsh Government exceeds the amount collected from ratepayers.
- Welsh Government NDR Rate Relief – the Council managed £18.234 million of relief in 2023/24 (£15.790 million in 2022/23).
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2024 the Welsh Government had provided £2.173 million of funding, of which £475,000 is outstanding as loans provided. The balance available for new loans was £1.698 million (£1.771 million at 31 March 2023).
- Home Improvement loans – provide loans for home improvements. At 31 March 2024 the Welsh Government had provided £1.624 million of funding, of which £1.353 million is outstanding as loans provided leaving a balance available for new loans of £271,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £0 in 2023/24 (£32,000 in 2022/23).
- Other Welsh Government Covid-19 grants and financial support – £0 in 2023/24 (£22.107 million in 2022/23).
- Ukraine – The Council provided sponsor payments for Ukrainian guests on behalf of Welsh Government totalling £98,000.

### Department for Levelling Up, Housing and Communities (DLUHC)

A total of £614,000 has been administered for sponsor payments for Ukrainian guests in 2023/24.

## South Wales Trunk Road Agency

The total reimbursement received by the Council was £264,000 in 2023/24 (£333,000 in 2022/23)

## FOR Cardiff

This is a partnership between the local business community and the Council to form a Business Improvement District in a defined area within the city centre. A levy is charged on all business rate payers of all relevant businesses in addition to their business rates bill. This is used to develop projects benefitting the local area. Further information is available on their website <https://www.forcardiff.com>. The Council collects the income and pays this over to FOR Cardiff. The amount paid to FOR was £1.540 million in 2023/24 (£2.190 million in 2022/23).

## Prosiect Gwyrdd

The Council is responsible for the payments to Viridor to provide waste treatment in relation to residual waste. The Council made payments of £9.979 million in 2023/24 (£10.055 million in 2022/23) on behalf of all the partners.

## 8. Remuneration

**8.1** The ratio of the remuneration of the Chief Executive to the median remuneration of all the body's employees. The multiple between the median full time equivalent earnings and the Chief Executive in 2023/24 was 1:6 (1:6 in 2022/23). The median full time equivalent earnings for 2023/24 was £32,745 (£31,176 in 2022/23). These figures include staff directly employed by the governing bodies of schools including a Voluntary-Controlled and a Foundation school and several Voluntary-Aided schools, as well as those employed by the Council.

**8.2** The number of employees, whose remuneration is over £60,000 per annum within bands of £5,000 is shown in table below. It includes all employees who are full time, full year equivalent of part time staff and those working part of the year, including senior officers whose remuneration is disclosed in more detail in note 8.3. It excludes any staff paid via agency.

The remuneration bands include all taxable remuneration received in the year, including in some cases, severance payments and Returning Officer fees but exclude employers pension contributions and any expenses that are not chargeable to UK income tax.

The table separately identifies individuals directly employed by the governing bodies of schools including several Voluntary-Aided, Voluntary-Controlled and Foundation schools, as well as those employed by the Council. The employee costs relating to these individuals are included with the Council's Net Cost of Services and, therefore, these individuals are included in the following table.

Number of Employees		Remuneration band £	Number of Employees	
2022/23			2023/24	
Non Schools	Schools		Non Schools	Schools
59	91	60,000-64,999	74	113
18	56	65,000-69,999	23	79
36	53	70,000-74,999	19	44
7	26	75,000-79,999	30	43
2	24	80,000-84,999	3	44
2	8	85,000-89,999	2	7
10	7	90,000-94,999	0	13
0	4	95,000-99,999	9	5
0	3	100,000-104,999	1	3
1	2	105,000-109,999	1	7
0	5	110,000-114,999	1	1
0	2	115,000-119,999	0	4
0	1	120,000-124,999	0	4
0	1	125,000-129,999	0	1
6	0	130,000-134,999	0	1
0	0	135,000-139,999	5	0
0	1	140,000-144,999	0	0
2	0	145,000-149,999	0	0
0	2	150,000-154,999	2	0
0	1	155,000-159,999	0	1
0	0	160,000-164,999	0	1
0	0	165,000-169,999	0	1
0	1	170,000-174,999	0	0
0	0	175,000-179,999	0	0
0	1	180,000-184,999	0	2
0	0	185,000-189,999	0	0
1	0	190,000-194,999	0	0
0	0	195,000-199,999	1	0
<b>144</b>	<b>289</b>	<b>Total</b>	<b>171</b>	<b>374</b>

The increase in the number of employees above £60,000 is due to increases in pay but no increase to the banding threshold since inception and also the number of redundancy/compensation payments on exit has increased in 2023/24 compared to 2022/23.

**8.3** Shown in the tables below are remuneration details of those defined as senior employees:

- senior employees who form part of the Council's Senior Management Team (Directors, Assistant Directors, and Heads of Service) whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title.
- senior employees whose salary is £150,000 or more on an annualised basis are identified by name.
- the table does not include senior employees in schools.

Remuneration also includes the cost of any additional contributions that the Council is required to make to the Pension Fund in respect of the individuals who are leaving the Council i.e., Enhancement of Retirement Benefits (Pension Strain costs). No bonuses have been paid during 2023/24 (£0 in 2022/23).

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (19.4% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Chief Executive - Paul Orders	(a)	2023/24	196,744	0	0	0	0	38,168	<b>234,912</b>	
		2022/23	190,091	0	0	0	0	39,349	<b>229,440</b>	
Corporate Director Resources & Section 151 Officer- Chris Lee		2023/24	150,920	0	0	0	0	29,278	<b>180,198</b>	
		2022/23	145,816	0	0	0	0	30,184	<b>176,000</b>	
Corporate Director People & Communities- Sarah McGill		2023/24	150,920	0	0	0	0	29,278	<b>180,198</b>	
		2022/23	145,816	0	0	0	0	30,184	<b>176,000</b>	
Director Planning, Transport & Environment		2023/24	139,463	0	0	0	0	27,056	<b>166,519</b>	
		2022/23	134,747	0	0	0	0	27,893	<b>162,640</b>	
Director Economic Development		2023/24	139,463	0	0	0	0	27,056	<b>166,519</b>	
		2022/23	134,747	0	0	0	0	27,893	<b>162,640</b>	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (19.4% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Director Education & Lifelong Learning		2023/24	139,463	0	0	0	0	27,056	166,519	
		2022/23	134,747	0	0	0	0	27,893	162,640	
Director Governance & Legal Services & Monitoring Officer	(b)	2023/24	73,501	0	0	0	0	15,419	88,920	Left authority 26/10/2023 Annualised salary £139,463
		2022/23	134,747	0	0	0	0	27,893	162,640	
Director Children's Services		2023/24	139,463	0	0	0	0	27,056	166,519	
		2022/23	134,747	0	0	0	0	27,893	162,640	
Director Adults Housing & Communities Services		2023/24	139,463	0	0	0	0	27,056	166,519	
		2022/23	134,747	0	0	0	0	27,893	162,640	
Chief Digital Officer		2023/24	112,352	0	0	0	0	21,796	134,148	
		2022/23	108,553	0	0	0	0	22,471	131,024	
Assistant Director Adult Services		2023/24	0	0	0	0	0	0	0	Role vacant Annualised salary £95,474
		2022/23	0	0	0	0	0	0	0	
Assistant Director County Estates		2023/24	95,474	0	0	0	0	18,522	113,996	
		2022/23	92,245	0	0	0	0	19,095	111,340	
Assistant Director Education & Lifelong Learning		2023/24	39,781	0	0	0	0	7,718	47,499	Left role 31/08/2023 Annualised salary £95,474
		2022/23	92,245	0	0	0	0	19,095	111,340	
Assistant Director Housing & Communities		2023/24	95,474	0	0	0	0	18,522	113,996	
		2022/23	92,245	0	0	0	0	19,095	111,340	
Assistant Director Street Scene		2023/24	95,474	15	0	0	0	18,522	114,011	
		2022/23	92,245	0	0	0	0	19,095	111,340	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (19.4% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Programme Director - Schools Organisation Programme		2023/24	95,474	0	0	0	0	18,522	<b>113,996</b>	
		2022/23	92,245	0	0	0	0	19,095	<b>111,340</b>	
Chief Human Resources Officer		2023/24	95,474	0	0	0	0	18,522	<b>113,996</b>	
		2022/23	92,245	0	0	0	0	19,095	<b>111,340</b>	
Head of Finance		2023/24	95,474	0	0	0	0	18,522	<b>113,996</b>	
		2022/23	92,245	0	0	0	0	19,095	<b>111,340</b>	
Head of Performance & Partnerships		2023/24	95,474	0	0	0	0	18,522	<b>113,996</b>	
		2022/23	92,245	0	0	0	0	19,095	<b>111,340</b>	
Assistant Director Development & Regeneration		2023/24	54,898	0	0	0	0	10,650	<b>65,548</b>	Commenced 04/09/2023
		2022/23	0	0	0	0	0	0	<b>0</b>	Annualised salary £95,474

- (a) In addition to the remuneration fees detailed in the table above, the Chief Executive is the Council's nominated Returning Officer. Any subsequent fees owed in relation to this role have been waived.
- (b) Following the departure of the Monitoring Officer, the Council entered into a service level agreement with the Vale of Glamorgan Council for its Monitoring Officer to also act as Interim Monitoring Officer for Cardiff Council. The pre agreed cost of the service was approximately £9,700 per month with the actual cost totalling £49,756 in 2023/24.

## 8.4 Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the following tables. The total costs of the exit packages identified are made up of two elements. The first element is the one-off payment made to an individual as compensation for loss of employment through either voluntary or compulsory redundancy. The second element is the pension strain cost for which the Council has the option to pay the Pension Fund over a five-year period.

Schools 2023/24				Exit package cost band (including special payments)	Non-schools 2023/24			
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 £		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 £
0	34	34	226,156	0 - 20,000	2	69	71	593,331
0	9	9	231,971	20,001 – 40,000	1	23	24	667,532
0	2	2	90,751	40,001 – 60,000	0	10	10	477,425
0	1	1	74,607	60,001 – 80,000	0	4	4	290,482
0	0	0	0	80,001 – 100,000	0	6	6	535,090
0	1	1	122,599	100,001 – 150,000	0	7	7	903,665
0	0	0	0	150,001 – 200,000	0	3	3	480,220
0	0	0	0	200,001 - 250,000	0	1	1	249,880
0	47	47	746,084	<b>Total</b>	3	123	126	4,197,625

Schools 2022/23				Exit package cost band (including special payments)	Non-schools 2022/23			
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 £		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 £
3	14	17	118,984	0 - 20,000	3	25	28	290,912
0	1	1	20,208	20,001 – 40,000	1	25	26	663,606
0	1	1	48,038	40,001 – 60,000	0	15	15	750,886
0	1	1	63,156	60,001 – 80,000	0	22	22	1,559,846
0	1	1	93,327	80,001 – 100,000	0	6	6	529,085
0	0	0	0	100,001 – 150,000	0	7	7	776,965
0	0	0	0	150,001 – 200,000	0	4	4	685,160
0	0	0	0	200,001 - 250,000	0	0	0	0
3	18	21	343,713	<b>Total</b>	4	104	108	5,256,460

\*Compulsory Redundancies include temporary and fixed term contracts ending after 2 years.

## 8.5 Members' Allowances

The total amount of Members' Allowances (including basic and special responsibility) paid in 2023/24 was £1.742 million (£1.616 million in 2022/23). As required by the Code, this figure includes all remuneration paid to members including basic and special allowances, care allowances and directly reimbursed expenses.

## 9. Health Act 1999 Pooled Funds and Similar Arrangements

The Cardiff and Vale Joint Equipment Store (JES) is a Section 33 partnership agreement between Cardiff and Vale of Glamorgan local authorities and the Cardiff and Vale University Health Board for the provision of an integrated community equipment service serving the combined Cardiff and Vale region. The original agreement came into effect on 1 January 2012. The transactions are included in the Social Services - Adults line of the Comprehensive Income and Expenditure Statement.

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between Cardiff and Vale local authorities and the Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2018. The Cardiff Council transactions are included in the Social Services - Adults line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2024 are as follows:

2022/23 £000			2023/24 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		<b>Expenditure</b>		
2,058	0	Equipment	2,285	0
487	0	Contribution to overheads (including donated stock)	561	0
0	63,331	Care home costs	0	71,295
<b>2,545</b>	<b>63,331</b>	<b>Total Expenditure</b>	<b>2,846</b>	<b>71,295</b>
		<b>Funding</b>		
(1,573)	(25,572)	Cardiff and Vale University Health Board	(1,852)	(24,285)
(606)	(25,699)	Cardiff Council	(507)	(29,956)
(366)	(12,060)	Vale of Glamorgan Council	(413)	(17,054)
0	0	Donated Stock	(74)	0
<b>(2,545)</b>	<b>(63,331)</b>	<b>Total Funding</b>	<b>(2,846)</b>	<b>(71,295)</b>
<b>0</b>	<b>0</b>	<b>(Surplus)/Deficit transferred to Reserve</b>	<b>0</b>	<b>0</b>

## 10. Related Parties

The Council 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 Council.

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, providing the majority of its funding in the form of grants and prescribing the terms of many of the transactions that the Council has with other parties. For 2023/24 financial transactions with the Welsh Government totaled £5.857 million of expenditure and approximately £328.846 million of income. At the year-end, in addition to financial instruments (note 15) and expenditure incurred as an agent for Welsh Government (note 7), £11,000 (nil in 2022/23) was owed to Welsh Government and approximately £75.532 million owed from Welsh Government (£81.957 million in 2022/23).

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2023/24 is shown in note 8. Members' interests in other organisations have been identified by an inspection of the Members' and Officers' Declaration of Interest Register. This is available on the Council's website [Your Councillors : Cardiff Council \(moderngov.co.uk\)](https://www.moderngov.co.uk). The Code of Conduct for Members of Local Authorities in Wales specifies Members have 28 days to register any changes to declared interests. Democratic Services remind Members of this requirement on a regular basis. This process is relied upon for the related parties notes as all Members are required to comply with the Code of Conduct. Within this process, the length of time between declarations being updated by Members is not an indication that they have not complied but instead an indication that no changes have been made since they were last updated.

The following transactions relating to elected members took place during the year, with associated balances due to or from the Authority at the year end. The relevant members did not take part in any discussion or decision relating to any grants received.

2022/23				Related Party	Related Party Relationship	Transaction details	2023/24			
Transactions		Balances					Transactions		Balances	
Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority				Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority
£000							£000			
0	0	0	0	Awen	Chair	Performance Management	2	0	0	0
0	0	0	0	Caerau and Ely Sports Trust	Founder	Multi sports provision plus Grant	9	0	0	0
200	(1)	0	0	Cartref Care Homes	Trustee	Primarily Residential Care	0	0	0	0
185	0	0	0	Cathays Community Centre	Director	Day Care	370	0	0	0
44	0	0	0	Cylch Meithrin Pwll Coch	Trustee	Childcare	15	(4)	0	(2)
0	0	0	0	Data Cymru	Director	Maintenance of Portal	35	0	0	0
0	(1)	0	0	Diverse Cymru	Director and Trustee	Primarily Trade Refuse	0	(13)	0	0
1,905	(215)	0	(4)	Huggard	Member of Management Committee	Primarily Supporting people	2,092	(338)	0	(64)
7	(4)	0	0	Llanrumney Hall Community Trust Ltd	Trustee	Primarily Trade Refuse	20	(4)	0	0
33	0	0	0	Llanrumney Phoenix Boxing Club	Trustee	Training Courses	27	0	0	0
0	0	0	0	Oasis	Trustee	Homeless Support	48	0	0	0
6	0	0	0	Omidaze	Director	Hire of premises	0	0	0	0
0	0	0	0	Quantum Actuarial LLP	Chief Executive	Fees	19	0	0	0
2	0	0	0	Race Council Cymru	Trustee	Staff training	10	0	0	0
64	(6)	0	(2)	Safer Wales	Chief Executive Officer	Grant for Domestic Abuse support	139	(5)	0	0
14	0	0	0	Seren in the Community CIO	Trustee	Primarily Childrens Play Grant	15	0	0	0
2	0	0	0	Splott Community Volunteers	Trustee	Grant provision	2	0	0	0

2022/23				Related Party	Related Party Relationship	Transaction details	2023/24			
Transactions		Balances					Transactions		Balances	
Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority				Amounts paid by the Authority	Amounts received by the Authority	Amounts owed by the Authority	Amounts owed to the Authority
£000							£000			
152	(207)	27	(119)	Wales and the West Housing Association	Family Member is Chief Executive	Payment relates to supporting individuals in relation to alarm subsidy	466	(144)	33	(43)
0	(1)	0	0	Welsh Hospitals and Health	Non Executive Director	Primarily Trade Refuse	0	(1)	0	0
0	0	0	0	Wildlife Trust of South and West Wales	Trustee	Wildlife Surveys	27	0	0	0
<b>2,614</b>	<b>(435)</b>	<b>27</b>	<b>(125)</b>	<b>Total transactions</b>			<b>3,296</b>	<b>(509)</b>	<b>33</b>	<b>(109)</b>

Officer's emoluments are shown in note 8. In 2023/24, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2022/23). For goods and services provided, income of £73,000 was received in 2023/24 (£97,000 in 2022/23).

The Council entered into a service level agreement with the Vale of Glamorgan Council for its Monitoring Officer to also act as the Interim Monitoring Officer for Cardiff Council. The costs associated with this arrangement are included in Note 8.

Subsidiary Companies include Cardiff City Transport Services (Cardiff Bus), Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. Details of transactions with these companies are shown in note 20 to the Core Financial Statements. The Council also participates in 6 Joint Committees. Details of these can be found in Note 4. Pension Fund contributions paid to the Fund are shown in note 13.

Precepts and Levies collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in note 3 to the Core Financial Statements. Separate to the precept, the Council made payments of £34,000 to Police and Crime Commissioner for South Wales during 2023/24 (£73,000 in 2022/23).

## 11. External Audit Costs

2022/23 £000		2023/24 £000
456	Fees payable to Audit Wales for external audit services	472
75	Fees payable to Audit Wales for the certification of grant claims	72
16	Fees payable to Audit Wales for other financial audit work	17
<b>547</b>	<b>Total</b>	<b>561</b>

## 12. Leasing

### *Council as Lessee*

#### Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to Net Cost of Services in 2023/24

2022/23 £000		2023/24 £000
1,520	Property leases	1,272
1,728	Other leases	2,386
<b>3,248</b>		<b>3,658</b>

The Council was committed at 31 March 2024 to making payments of £12.532 million under operating leases (£11.458 million at 31 March 2023) comprising the following elements:

31/03/2023 restated			31 March 2024	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		<b>Minimum lease payments</b>		
287	1,762	Not later than one year	519	1,717
936	1,714	Later than one year but not later than five years	1,380	960
6,702	57	Later than five years	7,953	3
<b>7,925</b>	<b>3,533</b>		<b>9,852</b>	<b>2,680</b>

### Finance Leases

There were no finance leases recognised at 31 March 2024 (none in 2022/23) and there are currently no future obligations under finance leases.

### *Council as Lessor*

#### Operating Leases

Operating leases exist in respect of land and buildings and the Council received income of £8.792 million in 2023/24 (£9.139 million in 2022/23)

The Council was committed as at 31 March 2024 to receiving income of £449.012 million (£473.534 million as at 31 March 2023) under operating leases for Land & Buildings comprising the following elements:

31 March 2023 £000		31 March 2024 £000
	<b>Minimum Income</b>	
8,162	Not later than one year	7,789
28,592	Later than one year and not later than five years	27,633
436,780	Later than five years	413,590
<b>473,534</b>		<b>449,012</b>

### Finance Leases

There were no finance leases recognised at 31 March 2024 (none in 2022/23).

Subject to the terms and conditions of individual lease arrangements, the Council may have contractual obligations to repair, maintain or enhance certain properties.

## 13. Pensions

### Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following pension schemes which provide members with benefits related to pay and service:

- Teachers' Pension Scheme
- Local Government Pension Scheme
- Cardiff City Transport Services Pension Schemes

#### 13.1 Teachers' Pension Scheme

Unless they opt out, teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teacher's Pension Agency on behalf of the Department for Education. It is a defined benefit scheme and although it is unfunded, it is a notional fund as a basis for calculating the employer's contribution rate. However, it is not possible for the Council to identify its share of the underlying liabilities of the scheme attributable to its own employees and so for the purposes of the Statement of Accounts it is accounted for on the same basis as a defined contribution scheme, i.e. the cost charged to Net Cost of Services in the year is the cost of the Council's contributions to the scheme.

In 2023/24 the Council paid £36.468 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay (£33.870 million representing 23.7% of teachers' pensionable pay for 2022/23). In addition, the Council is responsible for the costs of any additional benefits awarded on early retirement outside of the Teachers' scheme. These benefits are fully accrued in the pension's liability for unfunded liabilities.

#### 13.2 Local Government Pension Scheme

The Council's non-teaching employees are automatically enrolled unless they choose to opt out of joining the Cardiff and Vale of Glamorgan Pension Fund (The Fund), for which the Council acts as Administering Authority. This is a defined benefit scheme based on career-average pensionable salary. Both the Council and the employees pay contributions into the Fund, calculated at a level intended to balance its liabilities and assets.

The Local Government Pension Scheme is a funded scheme i.e. it has assets as well as liabilities. In addition, the Council has unfunded pension liabilities in respect of its commitment to make payments directly to certain pensioners arising from arrangements made in earlier years to award enhanced benefits.

The disclosures below relate to the Fund and, where applicable, certain unfunded benefits provided by the Employer as referred to above.

During 2020/21 the Council entered into a Deed of Agreement which confirms the subsumption of the Cardiff City Transport Services Ltd Local Government Pension Scheme (LGPS) liabilities as originally intended on the creation of the Company in 1986.

## Transactions relating to retirement benefits

The core financial statements have been compiled in accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) and for the Local Government Pension Scheme, include the cost to the Council of pension entitlements earned in the year rather than the cost of contributions paid into the Fund. The cost of entitlements earned which is known as the Current Service Cost has been recognised in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. However, the charge that is required to be made against Council Tax in respect of pensions is to be based on the amount payable to the pension fund during the year. To achieve this, IAS 19 costs are reversed out in the Movement in Reserves Statement and replaced with the employers' contribution payable during the year.

The following table sets out the requisite transactions for the LGPS that have been made by Cardiff Council in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2022/23				2023/24		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000	£000	£000	£000	
			<b>Comprehensive Income and Expenditure Statement (CIES)</b>			
			<b>Net Cost of Services</b>			
108,573	0	<b>108,573</b>	Current service cost	51,855	0	<b>51,855</b>
1,130	0	<b>1,130</b>	Past service costs	2,370	20	<b>2,390</b>
			<b>Financing &amp; investment income and expenditure</b>			
21,320	980	<b>22,300</b>	Interest on net defined benefit liability/(asset)	6,860	1,480	<b>8,340</b>
<b>131,023</b>	<b>980</b>	<b>132,003</b>	<b>Total post employment benefits charged to the surplus or deficit on the provision of services</b>	<b>61,085</b>	<b>1,500</b>	<b>62,585</b>
			<b>Remeasurement of the net defined liability comprising</b>			
63,503	0	<b>63,503</b>	Returns on plan assets excluding amounts included in net interest	(105,370)	0	<b>(105,370)</b>
(926,800)	(5,780)	<b>(932,580)</b>	Actuarial (gains)/losses arising from changes in financial assumptions	(60,750)	(400)	<b>(61,150)</b>
(5,200)	(650)	<b>(5,850)</b>	Actuarial (gains)/losses arising from changes in demographic assumptions	(27,490)	(780)	<b>(28,270)</b>
145,267	3,290	<b>148,557</b>	Other experience and Actuarial adjustments	31,865	230	<b>32,095</b>
<b>(723,230)</b>	<b>(3,140)</b>	<b>(726,370)</b>	<b>Total post employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(161,745)</b>	<b>(950)</b>	<b>(162,695)</b>
<b>(592,207)</b>	<b>(2,160)</b>	<b>(594,367)</b>	<b>Total charged to CIES</b>	<b>(100,660)</b>	<b>550</b>	<b>(100,110)</b>

2022/23				2023/24		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Movement in Reserves Statement</b>			
(131,023)	(980)	<b>(132,003)</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	(61,085)	(1,500)	<b>(62,585)</b>
			<b>Actual amount charged against General Fund Balance for pensions in the year</b>			
50,353	0	<b>50,353</b>	Employers contributions payable to the scheme	53,730	0	<b>53,730</b>
0	2,830	<b>2,830</b>	Payments in respect of unfunded pensions liabilities *	0	2,970	<b>2,970</b>
<b>50,353</b>	<b>2,830</b>	<b>53,183</b>	<b>Total</b>	<b>53,730</b>	<b>2,970</b>	<b>56,700</b>

\* Included in this figure are enhanced benefits awarded to teachers for which the Council is responsible and some unfunded liabilities which are administered by Rhondda Cynon Taf (RCT) Council on behalf of the Council.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The approach to this element of the valuation by the Pension Fund actuary, Aon, is consistent with the recommended approach.

## Reconciliation of Funded Status to Balance Sheet

31 March 2023				31 March 2024		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(2,412,110)	(37,860)	<b>(2,449,970)</b>	Opening present value of liabilities	(1,753,080)	(32,870)	<b>(1,785,950)</b>
(108,573)	0	<b>(108,573)</b>	Current service cost	(51,855)	0	<b>(51,855)</b>
(64,520)	(980)	<b>(65,500)</b>	Interest cost	(81,170)	(1,480)	<b>(82,650)</b>
(15,030)	0	<b>(15,030)</b>	Contributions from scheme participants	(16,640)	0	<b>(16,640)</b>
786,733	3,140	<b>789,873</b>	Remeasurements in Other Comprehensive Income (OCI)	56,375	950	<b>57,325</b>
61,550	2,830	<b>64,380</b>	Net benefits paid out *	71,140	2,970	<b>74,110</b>
(1,130)	0	<b>(1,130)</b>	Past service cost	(2,370)	(20)	<b>(2,390)</b>
<b>(1,753,080)</b>	<b>(32,870)</b>	<b>(1,785,950)</b>	<b>Closing present value of liabilities</b>	<b>(1,777,600)</b>	<b>(30,450)</b>	<b>(1,808,050)</b>
1,597,220	0	<b>1,597,220</b>	Opening fair value of assets	1,580,750	0	<b>1,580,750</b>
43,200	0	<b>43,200</b>	Interest income	74,310	0	<b>74,310</b>
(63,503)	0	<b>(63,503)</b>	Remeasurement gains/(losses)	105,370	0	<b>105,370</b>
50,353	2,830	<b>53,183</b>	Contributions by employer	53,730	2,970	<b>56,700</b>
15,030	0	<b>15,030</b>	Contributions by participants	16,640	0	<b>16,640</b>
(61,550)	(2,830)	<b>(64,380)</b>	Net benefits paid out *	(71,140)	(2,970)	<b>(74,110)</b>
<b>1,580,750</b>	<b>0</b>	<b>1,580,750</b>	<b>Closing fair value of assets</b>	<b>1,759,660</b>	<b>0</b>	<b>1,759,660</b>
<b>(172,330)</b>	<b>(32,870)</b>	<b>(205,200)</b>	<b>Net pension asset/(liability)</b>	<b>(17,940)</b>	<b>(30,450)</b>	<b>(48,390)</b>

\*The figures for net benefits paid out consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

It is important to note that this is a snapshot of the position as at 31 March 2024. The Pension Fund is a defined benefit scheme, which means that members' benefits are not linked to stock market performance. The Pension Fund is a long-term investor and members can be assured that employer contributions are independently reviewed as part of the triennial valuation.

There has been a significant decrease in the pension liability at 31 March 2024 as compared to the previous year, primarily due to an increase in asset values during the year. This is primarily due to the change in interest rates which impacts the discount rate used in the actuarial assumptions as shown in the table below which sets out the basis for estimating assets and liabilities.

### Contributions for year ending 31 March 2025

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2025 are estimated to be £51.624 million. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Unfunded liabilities - in the accounting period ending 31 March 2025 the Council expects to pay £3.256 million directly to beneficiaries.

### Basis for estimating assets and liabilities

The LGPS principal assumptions used by the independent qualified actuaries in updating the full March 2022 valuation figures as at 31 March 2024, for IAS19 purposes, are shown in the following table:

31 March 2023	Assumptions	31 March 2024
	<b>Longevity at 45 for current pensioners (years)</b>	
23.2	Men	22.7
25.8	Women	25.3
	<b>Longevity at 65 for current pensioners (years)</b>	
22.6	Men	22.1
24.7	Women	24.3
	<b>Rates</b>	
2.7%	Rate of inflation - Consumer Price Index (CPI)	2.6%
3.7%	Rate of general increase in salaries	3.6%
2.7%	Rate of increase to pensions in payment	2.6%
2.7%	Rate of increase to deferred pensions	2.6%
4.7%	Discount rate for scheme liabilities	4.8%

### Asset Allocation

The approximate split of assets for the Fund as a whole is shown in the following table. The asset allocation in the fund is notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets.

The Council does not invest in property or assets related to itself. However, it is possible that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of the balanced investment strategy.

31 March 2023				31 March 2024		
Quoted %	Unquoted %	Total %	Assets	Quoted %	Unquoted %	Total %
63.4	4.5	67.9	Equities	65.7	4.0	69.7
7.2	0.0	7.2	Property	6.3	0.0	6.3
8.8	0.0	8.8	Government Bonds	8.4	0.0	8.4
7.6	0.0	7.6	Corporate Bonds	7.3	0.0	7.3
5.3	0.0	5.3	Multi Asset Credit	5.4	0.0	5.4
3.2	0.0	3.2	Cash & Other	2.3	0.6	2.9
<b>95.5</b>	<b>4.5</b>	<b>100.0</b>	<b>Total</b>	<b>95.4</b>	<b>4.6</b>	<b>100.0</b>

### History of Asset Values, Present Value of Liabilities and Surplus/(Deficit)

	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
	£000	£000	£000	£000	£000
Fair value of assets	1,183,130	1,440,850	1,597,220	1,580,750	1,759,660
Present value of funded liabilities	(1,974,720)	(2,476,000)	(2,412,110)	(1,753,080)	(1,777,600)
Present value of unfunded liabilities	(44,120)	(44,720)	(37,860)	(32,870)	(30,450)
<b>Surplus/(deficit)</b>	<b>(835,710)</b>	<b>(1,079,870)</b>	<b>(852,750)</b>	<b>(205,200)</b>	<b>(48,390)</b>

### Sensitivity Analysis of Present Value of Funded Liabilities

Results of sensitivity are shown below, in each case, only the assumption mentioned is altered and all other assumptions remain the same. The sensitivity of unfunded benefits is not included on materiality grounds.

Funded defined benefit obligation £1,767,470,000	+0.1% p.a		-0.1% p.a	
Change in assumptions on present value of the funded defined benefit obligations	£000	% Increase / Decrease to Defined Benefit Obligation		£000
Adjustment to discount rate	1,737,420	-1.7%	1.7%	1,797,520
Adjustment to salary increase rate	1,771,000	0.2%	-0.2%	1,763,940
Adjustment to pension increase rate	1,793,980	1.5%	-1.5%	1,740,960
	-1 year		1 year	
Adjustment to mortality rate	1,813,420	2.6%	-2.7%	1,719,750

### 13.3 Cardiff Bus Pension Schemes

In March 2021 the Council entered into a Flexible Apportionment Arrangement (FAA) in respect of the Cardiff City Transport Services Limited (Cardiff Bus) Pension Scheme. Under this arrangement, the company ceased to be the employer of the scheme and the Council became the Scheme's principal employer and the sole

statutory employer of the scheme. The scheme relates to two defined benefit funded pension schemes administered by Trustees under a Deed and closed to any new entrants and future accrual. Assets held are invested in third party professionally managed funds. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries and will be updated as part of the next triennial valuation as at 31 March 2024. The transfer also includes a defined contribution scheme which carries a guaranteed minimum return for its members, which is also closed to new members.

#### Reconciliation of Funded Status to Balance Sheet

31 March 2023 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2024 £000
(12,980)	Opening present value of liabilities	(8,191)
(342)	Interest cost	(401)
4,768	Remeasurement (gains)/losses	453
363	Net benefits paid out	410
<b>(8,191)</b>	<b>Closing present value of liabilities</b>	<b>(7,729)</b>
10,925	Opening fair value of assets	7,644
286	Interest income	373
(3,204)	Remeasurement gains/(losses)	(884)
(363)	Net benefits paid out	(410)
<b>7,644</b>	<b>Closing fair value of assets</b>	<b>6,723</b>
<b>(547)</b>	<b>Net pension asset/(liability)</b>	<b>(1,006)</b>

31 March 2023 £000	Cardiff Bus Defined Benefit Pension Scheme	31 March 2024 £000
(38,142)	Opening present value of liabilities	(27,521)
(1,012)	Interest cost	(1,336)
10,310	Remeasurement (gains)/losses	(1,105)
1,323	Net benefits paid out	1,618
<b>(27,521)</b>	<b>Closing present value of liabilities</b>	<b>(28,344)</b>
39,942	Opening fair value of assets	27,459
1,064	Interest income	1,339
(12,224)	Remeasurement gains/(losses)	78
(1,323)	Net benefits paid out	(1,618)
<b>27,459</b>	<b>Closing fair value of assets</b>	<b>27,258</b>
<b>(62)</b>	<b>Net pension asset/(liability)</b>	<b>(1,086)</b>

31 March 2023 %	Cardiff Bus Defined Benefit Pension Scheme Assets	31 March 2024 %
19.7	Equities	20.3
19.5	Diversified growth funds	20.6
12.4	Cash & liability driven investments	15.8
48.4	Bonds	43.3
<b>100.0</b>	<b>Total</b>	<b>100.0</b>

## 14. Non-Current Assets

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	P, P & E under construction	Total Property, Plant & Equipment
<b>Movements in Cost or Values</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>1 April 2022</b>	<b>653,600</b>	<b>837,290</b>	<b>64,937</b>	<b>23,576</b>	<b>76,308</b>	<b>89,220</b>	<b>1,744,931</b>
Additions	30,458	28,746	7,244	1,704	240	86,794	155,186
Revaluations Increases/(Decreases) recognised in the RR*	846	3,584	0	0	377	0	4,807
Revaluations Increases/(Decreases) recognised in the SDPS**	0	(8,146)	0	0	(660)	0	(8,806)
Impairment Losses/Reversals to RR	0	(112)	0	0	0	0	(112)
Impairment Losses/Reversals to SDPS	(1,362)	(17,011)	0	0	(3,786)	(13)	(22,172)
Derecognition - Disposals	0	(1)	(5,248)	0	(3,450)	(13)	(8,712)
Reclassified (to)/from Held for Sale	0	0	0	0	(4,000)	0	(4,000)
Other Reclassifications - Transfers	15,276	(784)	636	168	1,743	(20,417)	(3,378)
<b>31 March 2023</b>	<b>698,818</b>	<b>843,566</b>	<b>67,569</b>	<b>25,448</b>	<b>66,772</b>	<b>155,571</b>	<b>1,857,744</b>
Additions	37,903	66,336	7,905	469	106	132,355	245,074
Revaluations Increases/(Decreases) recognised in the RR	15,879	23,841	0	0	640	0	40,360
Revaluations Increases/(Decreases) recognised in the SDPS	(72,485)	(13,927)	0	0	(906)	0	(87,318)
Impairment Losses/Reversals to RR	(104)	0	0	0	0	0	(104)
Impairment Losses/Reversals to SDPS	1,466	(7,611)	0	0	(4,928)	(1,713)	(12,786)
Derecognition - Disposals	0	(7,611)	(4,694)	0	(5)	(1,513)	(13,823)
Reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other Reclassifications - Transfers	33,950	97,522	1,181	1,304	(31)	(150,279)	(16,353)
<b>31 March 2024</b>	<b>715,427</b>	<b>1,002,116</b>	<b>71,961</b>	<b>27,221</b>	<b>61,648</b>	<b>134,421</b>	<b>2,012,794</b>
<b>Movements in Depreciation/Impairment</b>							
<b>1 April 2022</b>	<b>10,135</b>	<b>22,140</b>	<b>25,839</b>	<b>0</b>	<b>(600)</b>	<b>(36)</b>	<b>57,478</b>
Depreciation Charge	10,439	25,754	8,646	0	0	0	44,839
Depreciation written out on Impairment	0	0	0	0	0	0	0
Depreciation written out to the RR	0	(5,603)	0	0	(21)	0	(5,624)
Depreciation written out to the SDPS	0	(12,674)	0	0	0	0	(12,674)
Derecognition - Disposals	0	(1)	(5,248)	0	(3,450)	(13)	(8,712)
Reclassifications - Transfers	0	(24)	0	0	24	0	0
<b>31 March 2023</b>	<b>20,574</b>	<b>29,592</b>	<b>29,237</b>	<b>0</b>	<b>(4,047)</b>	<b>(49)</b>	<b>75,307</b>
Depreciation Charge	10,437	28,798	8,953	0	0	0	48,188
Depreciation written out on Impairment	0	0	0	0	0	0	0
Depreciation written out to the RR	0	(2,075)	0	0	(2)	0	(2,077)
Depreciation written out to the SDPS	(19,970)	(4,753)	0	0	0	0	(24,723)
Derecognition - Disposals	0	(7,611)	(4,695)	0	0	(1,513)	(13,819)
Reclassifications - Transfers	(3)	3	0	0	0	0	0
<b>31 March 2024</b>	<b>11,038</b>	<b>43,954</b>	<b>33,495</b>	<b>0</b>	<b>(4,049)</b>	<b>(1,562)</b>	<b>82,876</b>
Net Book Value							
<b>At 31 March 2023</b>	<b>678,244</b>	<b>813,974</b>	<b>38,332</b>	<b>25,448</b>	<b>70,819</b>	<b>155,620</b>	<b>1,782,437</b>
<b>At 31 March 2024</b>	<b>704,389</b>	<b>958,162</b>	<b>38,466</b>	<b>27,221</b>	<b>65,697</b>	<b>135,983</b>	<b>1,929,918</b>

\*RR Revaluation Reserve

\*\*SDPS Surplus or Deficit on Provision of Services

2022/23	Net Book Value	2023/24
310,542	Infrastructure Assets	321,759
1,782,437	Other PPE Assets	1,929,918
<b>2,092,979</b>	<b>Total PPE Assets</b>	<b>2,251,677</b>

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

As detailed in the revised guidance applicable to all local authorities, the Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

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

The Infrastructure Assets Net Book Value is as follows:

2022/23 £000		2023/24 £000
<b>304,749</b>	<b>Net Book Value at 1 April</b>	<b>310,542</b>
27,637	Additions	20,509
(23,614)	Depreciation	(25,196)
1,770	Other movements in cost (Reclassification)	15,904
<b>310,542</b>	<b>Net Book Value at 31 March</b>	<b>321,759</b>

## Heritage Assets

2022/23 £000		2023/24 £000
<b>58,849</b>	<b>Balance at 1 April</b>	<b>67,955</b>
219	Additions	317
8,887	Revaluation increases/(decreases) to RR	0
<b>67,955</b>	<b>Balance at 31 March</b>	<b>68,272</b>

The Council has tangible heritage assets which consist mainly of the following three categories: -

- public art
- scheduled ancient monuments for which it is responsible
- paintings, artefacts and civic regalia and antiquarian books

The notes below indicate the treatment of each of the above three categories in these accounts.

**Public art** - there are over 100 pieces of public art owned by the Council across the city, including freestanding artworks and significant pieces integrated into the design of buildings. These assets are not identified or valued separately in the Council's Balance Sheet as conventional valuation approaches lack sufficient reliability. In addition, the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these assets are held within the Cardiff Public Art Register, which is available on the Council's internet site <http://www.cardiff.gov.uk/citydesign>.

**Scheduled ancient monuments** - the Council is responsible or part responsible for 20 of the 31 scheduled ancient monuments in the city. These are required to be protected for their contribution to knowledge and culture and include prehistoric burial sites and mounds, castles and forts, religious sites, defence structures as well as other sites of industrial significance. Unless expenditure has been incurred on these assets previously, these sites are not included in the Council's accounts at historic cost or value. Given the unique and often diverse nature of these assets, conventional valuation approaches lack sufficient reliability and the costs of obtaining valuations for these items would be disproportionate to the benefits. Details of these monuments are held within the scheduled ancient monuments in Cardiff information leaflet which is available on <http://www.cardiff.gov.uk/conservation>.

**Paintings, artefacts, civic regalia and antiquarian books** - the Council has a collection of paintings, artefacts, civic regalia and antiquarian books much of which is related to local interest. The main items in terms of number and value are collections are at Cardiff Castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. Paintings, artifacts and Civic regalia are included in the balance sheet at £42.379 million and were valued by Mr. A.N. Schoon, Antiques and Fine Art Valuer in 2022/23. Antiquarian books were valued for the first time for inclusion in the Accounts, by Bernard Quaritch Ltd. at £9.101 million in 2022/23.

**Council policy on acquisitions, disposals, care and conservation** - where resources allow, the Council will seek to create, acquire and preserve heritage resources for the benefits of its citizens in partnership with other public and private sector bodies using grant and other funding opportunities. Acquisitions are rare, although public art is often commissioned as part of regeneration schemes.

For assets held at Cardiff Castle, acquisition, disposal and care is undertaken in accordance with the museum accreditation scheme. The statutory requirements placed upon the owners of scheduled ancient monuments are likely to make the disposal of assets within Council ownership unviable. Before any work, alteration or controlled archaeological excavations are undertaken, consent is obtained from the Welsh Government.

## Investment Properties

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

2022/23 £000		2023/24 £000
150,718	<b>Balance at 1 April</b>	167,560
20,033	Additions	937
0	Impairment	0
(2,150)	Disposals	(744)
0	Reclassified (to)/from Held for Sale	0
1,397	Other Reclassifications	0
0	Revaluation increases/(decreases) to RR*	0
(2,438)	Revaluation increases/(decreases) to SDPS**	(7,222)
<b>167,560</b>	<b>Balance at 31 March</b>	<b>160,531</b>

\* Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

The following items have been accounted for within Financing and Investment in the Comprehensive Income and Expenditure Statement:

2022/23 £000		2023/24 £000
(12,066)	Rental income from investment property	(10,582)
4,128	Direct operating expenses arising from investment property	4,337
<b>(7,938)</b>	<b>(Surplus)/Deficit on Investment Properties</b>	<b>(6,245)</b>

### Intangible Assets

Movements in intangible assets during 2023/24 are summarised as follows:

2022/23 £000		2023/24 £000
	<b>Cost or Valuation</b>	
<b>4,740</b>	<b>Balance at 1 April</b>	<b>3,174</b>
359	Additions	312
209	Reclassifications -Transfers	0
(2,134)	Derecognition - Disposals	(643)
<b>3,174</b>	<b>Balance at 31 March</b>	<b>2,843</b>
	<b>Amortisation</b>	
<b>3,605</b>	<b>Balance at 1 April</b>	<b>2,076</b>
604	Amortisation	538
(2,133)	Derecognition - Disposals	(643)
<b>2,076</b>	<b>Balance at 31 March</b>	<b>1,971</b>
	<b>Net Book Value:</b>	
<b>1,098</b>	<b>Balance at 31 March</b>	<b>872</b>

### Capital Expenditure and Capital Financing

Capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by borrowing, it results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be paid for. Prudent provision for the repayment of external borrowing reduces the CFR.

2022/23 £000		2023/24 £000
885,949	Opening Capital Financing Requirement*	937,016
	<b>Capital Expenditure:</b>	
182,823	Property, Plant and Equipment incl Infrastructure Assets	265,584
219	Heritage Assets	317
0	Assets Held for Sale	0
20,033	Investment Properties	936
359	Intangible Assets	312
449	Loans/Equity	9,627
25,303	Expenditure on REFCUS	41,462
	<b>Sources of Finance:</b>	
(10,378)	Capital Receipts	(2,735)
(131,009)	Government grants and other contributions	(162,023)
(2,600)	City Deal additional funding	0
(3,995)	Direct revenue contributions and reserves	(10,889)
(40,825)	Prudent revenue and capital provision for loan repayment	(45,564)
10,688	Amendment for previous manual adjustments**	0
<b>937,016</b>	<b>Closing Capital Financing Requirement*</b>	<b>1,034,043</b>
	<b>Explanation of movements in year:</b>	
10,688	Amendment for previous manual adjustments**	0
2,414	Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	2,237
37,966	Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	94,790
<b>51,068</b>	<b>Increase in Capital Financing Requirement</b>	<b>97,027</b>

\*This includes a notional amount in respect of Landfill provision of 2023/24 £21.056 million and 2022/23 £15.309 million for landfill restoration and after care. Where future cost estimates are reviewed, this results in either an increase or decrease in the provision.

\*\*adjustment to reverse historic manual adjustments to the CFR note that should not have had an impact on the Council's CFR balance. This includes adjustments made re CCRCD and notional VAT transactions. The correcting amendments align this disclosure note to the balance of the CFR as calculated in accordance with the balance sheet.

## Prudent Revenue Provision

The Council is required to set aside annually from its revenue budget, a prudent amount for the repayment of borrowing historically undertaken to pay for capital expenditure. The amount is set having regard to Welsh Government Guidance and a policy agreed by Council as part of its budget proposals each year. This amount reduces the Council's underlying need to borrow, the Capital Financing Requirement (CFR). This is a real cost.

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are technical accounting charges only. These are reversed and replaced by the prudent revenue provision via an appropriation to/from the Capital Adjustment Account in the Movement in Reserves Statement.

2022/23 £000		2023/24 £000
27,928	Council Fund provision	31,394
12,566	Housing Revenue Account provision	13,622
<b>40,494</b>	<b>Prudent revenue provision</b>	<b>45,016</b>

### Revenue Expenditure funded from Capital under Statute (REFCUS)

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Council or where specific approval has been received from Welsh Government to treat such expenditure as capital expenditure and meet from capital resources.

2022/23 £000		2023/24 £000
	<b>Expenditure:</b>	
6,303	Housing Improvement Grants	5,948
8,836	Buildings not owned by Cardiff Council	5,892
3,683	Grants awarded (not Housing Grants)	14,195
6,481	Repayment of Grant	208
0	Capitalisation Direction - Landfill Tax Liability	15,219
<b>25,303</b>	<b>Charged to Income and Expenditure Statement</b>	<b>41,462</b>
	<b>Funded by:</b>	
(16,896)	Grants and Contributions	(13,391)
(8,407)	Borrowing, Receipts and other Capital Resources	(28,071)
<b>(25,303)</b>		<b>(41,462)</b>

### Significant Capital Expenditure contractual commitments

At 31 March 2024, the significant capital expenditure commitments scheduled for completion in 2023/24 and future years is shown below (£95.072 million 2022/23):

Capital Scheme	£000
Fairwater Campus - Main Contract	100,584
Coastal Defence Scheme	29,226
Cardiff Living Housing - St Mellons	16,432
New Build Housing - Bute Street Community Living	12,576
New Build Housing - Leckwith Road Community Living	9,189
Cardiff Living Housing - Llanrumney High School	7,692
Arena Pre-Contract Service Agreement	7,000
Fairwater Campus Enabling Works	6,837
Local Broadband Fund Scheme	4,908
Gasworks Meanwhile Use	1,881
Roath Park Cycleway	3,021

Capital Scheme	£000
Cardiff Living Housing - Eastern High School	1,290
New Build Housing - Meridian Court	1,108
Atlantic Wharf Multi-Storey Car Park PCSA	995
New Build Housing - Iorwerth Jones Centre	742
Moorland Primary School	687
Willows High School - Enabling Works	649
Lydstep Flats recladding	596
Fitzalan High School - Main Works	518
<b>Total</b>	<b>205,931</b>

## 15. Financial Instruments

### Financial Instrument Balances

The following categories of Financial Instruments (Assets and Liabilities) are included in the Balance Sheet. They arise as a result of the Council's Treasury Management activities as well as Financial Instruments issued to further service objectives. Further detail, and where applicable and material, a Fair value is shown in the sections below, including the method of determining fair value in accordance with accounting policies for Financial Assets and Liabilities, and consideration of the business model for holding investments. Creditors are shown separately in the respective notes rather than as financial instruments:

31 March 2023				31 March 2024		
Long Term	Short Term	Total		Long Term	Short Term	Total
£000	£000	£000		£000	£000	£000
			Financial assets at amortised cost:			
0	96,736	96,736	Investments - Principal	0	158	158
0	512	512	Investments - Accrued Interest	0	0	0
0	56,514	56,514	Cash & Cash Equivalents	0	96,674	96,674
0	80	80	Cash & Cash Equivalents - Accrued Interest	0	267	267
0	153,842	153,842	<b>Total Investments at Amortised Cost Included in Investments</b>	0	97,099	97,099
27,596	0	27,596	<b>Total Investments at Fair Value through Other Comprehensive Income</b>	31,060	0	31,060
1,336	1,339	2,675	Loans	4,864	1,966	6,830
10,436	186,467	196,903	Other Debtors	9,484	198,905	208,389
11,772	187,806	199,578	<b>Total Debtors</b>	14,348	200,871	215,219
39,368	341,648	381,016	<b>Total Financial Assets</b>	45,408	297,970	343,378
			Financial liabilities at amortised cost:			
(850,737)	(4,419)	(855,156)	Loans - Principal	(867,720)	(14,605)	(882,325)
0	(8,431)	(8,431)	Loans - Accrued Interest	0	(9,228)	(9,228)
(850,737)	(12,850)	(863,587)	<b>Total Borrowings</b>	(867,720)	(23,833)	(891,553)

**Investments at amortised cost include:**

- temporary investments deposited for various maturities with financial institutions. The fair value is deemed to be the carrying value (Level 2).

**Investments at Fair Value through Other Comprehensive Income include:**

- the Council's 100% shareholding in Cardiff City Transport Services Limited. The Council's shareholding is not listed on any quoted market, however accounting rules require a fair value to be estimated. The valuation estimate is based on the net worth of the company as per its draft set of financial accounts (Level 3). The valuation can fluctuate dependent on the company's performance, technical accounting adjustments and economic climate and so any accounting valuation should be used with caution. Any change in value is offset by a corresponding movement to the 'Financial Instruments Revaluation Reserve'; hence there is no impact on Council Tax payable. The fair value of the investment at 31 March 2024 is estimated to be £26.402 million (£25.451 million in 2022/23)
- various minority equity holdings in companies are included either at cost or at quoted prices where available.

The above are held or acquired for Council policy purposes and have been elected to be accounted for as Fair Value through Other Comprehensive Income.

**Debtors include:**

- car loans to eligible Council staff.
- loans to small to medium enterprises including those for town centre regeneration and car loans to eligible Council staff and a loan of £8.634 million from the Council to its 100% owned subsidiary Cardiff Heat Network Limited. This loan is repayable over a thirty-year period starting either the earlier of two years from the start date of the network commissioning date or five years from the initial drawdown of the loan which was on June 2023. The actual value of loans provided is reduced by £5.035 million and reflected in the Financial Instrument Revaluation Reserve. This is an accounting requirement to reflect the interest rate at which the loan was provided and the prevailing interest rate at that time. This is amortised to CIES over the period of the loan.
- grants, income due from service users, partners, deferred capital receipts to be received and offset by an impairment for expected credit losses where applicable.

**Liabilities at Amortised Cost include:**

- external borrowing undertaken to fund capital expenditure and short term cash flow requirements. It includes Lender Option Borrower Option Loans (LOBO) which allow the lender to change the rate of interest at specified periods, allowing the Council to either accept the new rate or repay the loan before the contractual maturity date. The date of maturity for such instruments is assumed to be the contractual period to maturity rather than the next date that the lender could request a change in the rate. The carrying amounts below also include accrued interest payable at 31 March 2024. Interest payable for 2023/24 is £9.228 million (£8.431 million in 2022/23). The actual value of loans provided at 31 March 2024 for Welsh Government loans is reduced by £11.475 million based on the Net Present Value of future cash payments discounted using the prevailing Public Works Loan Board rate of interest at which the Council could borrow at the time of receipt. This notional benefit is an accounting adjustment only and is required to be reversed over the loan as repayments are made. The actual value of loans repayable to Welsh Government at 31 March 2024 is £56.044 million.

31 March 2023			Valuation Method - Level	31 March 2024	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(767,521)	(715,282)	Public Works Loan Board Loans (PWLB)	Level 2	(795,313)	(695,671)
(51,637)	(46,624)	Lender Option Borrower Option	Level 2	(51,641)	(42,052)
(44,399)	(32,594)	Welsh Government	Level 2	(44,569)	(39,668)
(30)	(30)	Local Authorities and other loans	Level 2	(30)	(30)
<b>(863,587)</b>	<b>(794,530)</b>	<b>Financial Liabilities</b>		<b>(891,553)</b>	<b>(777,420)</b>

The fair value of borrowing and financial liabilities is less than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date.

**Fair value calculations use the following assumptions:**

- for PWLB debt, the transfer or fair value shown in the table is based on new borrowing rates from the PWLB for equivalent loans at 31 March 2024. An exit price fair value of £782.713 million is also calculated using early repayment discount rates which are lower than equivalent loan rates. The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date
- for other market debt and investments, the discount rate used is the rate available for an instrument with the same terms from a comparable lender
- no early repayment or impairment for expected credit losses is recognised.

### Financial Instrument Gains/Losses

The following table shows the gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments. It includes interest payable on borrowing, amounts receivable on investments, gains on disposal of investments and also movements from estimating changes in value of investments at fair value.

Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets		
	Measured at Amortised Cost	Amortised Cost	Investments at Fair Value through Other Comprehensive Income			Total	Measured at Amortised Cost	Amortised Cost
<b>2022/23</b>					<b>2023/24</b>			
<b>£000</b>					<b>£000</b>			
34,175	0	0	<b>34,175</b>	Interest Payable & Similar Charges	33,882	0	0	<b>33,882</b>
0	(3,332)	0	<b>(3,332)</b>	Interest and Investment Income	0	(12,379)	0	<b>(12,379)</b>
0	0	(63)	<b>(63)</b>	(Gain)/loss arising on Disposal/ Derecognition of Financial Assets	0	0	0	<b>0</b>
0	0	(1,376)	<b>(1,376)</b>	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	(1,995)	<b>(1,995)</b>
<b>34,175</b>	<b>(3,332)</b>	<b>(1,439)</b>	<b>29,404</b>	<b>Net (gain)/loss for the year</b>	<b>33,882</b>	<b>(12,379)</b>	<b>(1,995)</b>	<b>19,508</b>

**Nature and Extent of Risks arising from Financial Instruments**

The Council's activities in relation to financial instruments whether for treasury management purposes or service objectives expose it to a variety of risks. In undertaking its treasury management activities, the overriding objective is to minimise the risk of adverse consequences or loss, whilst at the same time not unduly constraining investment returns or unnecessarily incurring interest costs. Given the nature of investments, a trade-off between security, liquidity and yield cannot be avoided i.e. there is risk of default. This risk is enhanced when loans to external organisations are provided for service delivery objectives and indicators of significant impairment for credit losses are considered at the balance sheet date.

Treasury management risks include credit and counterparty, liquidity and refinancing, interest rate, market value, exchange rate, fraud and regulatory risk. The Council has Treasury Management Practices to address and mitigate these risks. It has adopted the CIPFA Treasury Management Code of Practice and sets indicators to control key financial instrument risks. Further details in relation to key risks are disclosed in the following sections where relevant.

## Credit Risk

Risk that other parties may fail to pay amounts due to the Council. It arises from lending of temporary cash balances as part of the Council's Treasury Management activities, from sums owed by the Council's customers and from organisations to whom a loan has been provided.

31 March 2023 £000	Likelihood of Default	31 March 2024 £000
<b>153,842</b>	<p><b>Deposits - Banks, Building Societies, Local Authorities, DMADF</b></p> <p>Deposits are placed with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality), local authorities or Debt Management Account Deposit Facility (DMADF). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account the extent of public ownership and sovereign rating.</p> <p>A risk of non-recoverability applies to all of the Council's deposits, requiring rigorous monitoring of credit risk and credit criteria. The Council uses treasury management advisors who assist in this process. Using historic data adjusted for current financial market conditions and based on the level of deposits at 31 March 2024 the impairment for expected credit loss calculated on a historic risk of default basis is negligible so no impairment for expected credit loss is recognised.</p> <p>The value of deposits will fluctuate daily as a result of the timing of many transactions. The decrease of £56.743 million from 31 March 2023 is primarily as a result of changes to working capital and capital expenditure outflows in the year to be replenished by borrowing in future years.</p>	<b>97,099</b>
<b>198</b>	<p><b>Car Loans</b></p> <p>Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.</p>	<b>180</b>
<b>2,478</b>	<p><b>Loans to External bodies</b></p> <p>This includes loans for business development and Town Centre regeneration. Where there is deemed to be a risk of non-repayment an impairment for expected credit loss is considered. The actual value of loans due to the Council is £11.866m' The figure quoted in the table is a reduced figure, reflecting the notional cost of providing loans at a lower interest rate. This notional cost is to be spread over the period of loans provided in accordance with accounting requirements.</p>	<b>6,830</b>
<b>30,967</b>	<p><b>Customers</b></p> <p>The Council does not generally allow credit for customers and provision is made for non-payment based on the age profile of outstanding debt, adjusted for large invoices known to have been settled after the balance sheet date and any other material factors that could affect the sum collectable. Other debt such as grant income due from government bodies and year-end accruals of income is considered to be 100% collectable and impairment for credit losses is not considered necessary. The impairment for credit losses in 2023/24 was based on the adjusted age profile disclosed as following:</p>	<b>28,648</b>
27,119	Less than one year	24,357
1,724	1-2 years	1,655
788	2-3 years	1,229
467	3-4 years	491
336	4-5 years	289
533	Over 5 years	627
<b>187,485</b>	<b>Overall Total</b>	<b>132,757</b>

An impairment is made where there is deemed to be a risk of expected credit losses. The following table summarises the Council's main exposures to credit risk.

### Liquidity and Refinancing Risk

This is the possibility that the Council may not have funds available to make payments or may have to refinance a financial liability at disadvantageous interest rates or terms. The Council has access to funds from the financial markets and Public Works Loan Board in order to raise finance. As investment balances fall and the need to borrow money rises, liquidity risk will increase. This is identified within the Council's Treasury Management Strategy which also sets limits on the proportion of its fixed rate loans maturing during specified periods. The amounts of fixed rate debt maturing in any period are disclosed in the following table:

31 March 2023 £000	Loans Outstanding at Fair Value	31 March 2024 £000
759,727	Public Works Loans Board	786,727
51,000	Market Lender Option Borrower Option (LOBO)	51,000
44,399	Welsh Government	44,568
30	Local Authorities and other loans	30
<b>855,156</b>	<b>Total</b>	<b>882,325</b>
4,419	Under 12 months	13,200
17	CCRC	17
4,358	12 months and within 24 months	4,689
29,550	24 months and within 5 years	64,977
100,365	5 years and within 10 years	103,755
174,434	10 years and within 20 years	167,704
182,800	20 years and within 30 years	184,257
214,213	30 years and within 40 years	218,726
140,000	40 years and within 50 years	120,000
5,000	50 years and within 60 years	5,000
<b>855,156</b>	<b>Total</b>	<b>882,325</b>

The actual value of borrowing outstanding as at 31 March 2024 is £893.800 million. The difference between the fair value disclosed in the table and the actual value of loans is reflected in the Financial Instrument Revaluation Reserve (Note 26.4). This difference is amortised over the period of the loans and relates to loans received from Welsh Government at what is deemed to be a benefit of having loans at an interest rate that is less than available in the financial markets to the Council at the time the loan was provided.

Currently, £24 million of the LOBO loans are subject to the lender having the right to change the rate of interest payable during the next financial year. The Council has the right to refuse the change, triggering early repayment and the need to re-finance. Details are shown in the following table:

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	21/05/2024	6 months	21/11/2041
6	21/05/2024	6 months	21/11/2041
6	21/05/2024	6 months	23/05/2067
6	02/09/2024	6 months	23/05/2067
22	21/11/2025	5 years	23/11/2065
5	15/01/2028	5 years	17/01/2078

## Interest Rate Risk

The possibility that financial loss might arise for the Council as a result of changes in interest rates. The main impacts of interest rate movements are set out below:

Variable affected by interest rate fluctuations	Impact of Variation	Actions to mitigate interest rate risk
Interest earned on variable rate investments	Interest rate rises will increase income credited to the Comprehensive Income and Expenditure Statement, while reductions may result in less income than budgeted.	Production and Council approval of a Treasury Management Strategy at the start of each financial year with a spread of maturity profiles for investments.
Interest paid on variable rate borrowings	If interest rates rise, lenders may exercise options to increase rates in a Lender Option Borrower Option loan potentially increasing the interest expense charged to the Comprehensive Income and Expenditure Statement, should the Council accept the higher rate.	Interest rate forecasts based on advice from treasury management advisors are built into the budget and monitored regularly throughout the year. The Council's borrowing is primarily at fixed, rather than variable, interest rates.
Fair value of fixed rate financial assets	Interest rate rises will have no material effect on fair value, as the current periods of such assets are very short term, hence fair value is not disclosed.	By borrowing and investing fixed rate, the Council aims to minimise the revenue impact of interest fluctuations to provide stability for planning purposes. Council borrowing is primarily at fixed rather than variable rates.
Fair value of fixed rate financial liabilities	Fair value will fall if interest rates rise. This will not impact on the Comprehensive Income and Expenditure Statement or Balance Sheet values for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.	

To give an indication of the Council's sensitivity to interest rate change, the table below indicates the estimated impact on the Comprehensive Income and Expenditure Statement had interest rates during 2023/24 been on average 1% higher with all other variables held constant.

Interest Rate Risk Income and Expenditure Account	£000
Increase in interest payable on borrowings	196
Increase in interest receivable on investments	(796)
<b>Impact on Income and Expenditure Account</b>	<b>(600)</b>
Increase in interest transferred to other balances and accounts	210
<b>Net (Income)/ Expenditure</b>	<b>(390)</b>

The impact of a 1% fall in interest rates may not have exactly the opposite effect, since financial instruments with calls may not be exercised by the lender or borrower.

Changes in Fair Value	£000
Change in Fair Value of fixed rate investments	0
Change in Fair Value of fixed rate borrowings	(85,524)

**Foreign exchange risk**

The Council's exposure to loss arising from movements in exchange rates is minimal. Borrowing and investments can only be undertaken in sterling.

**Price Risk**

This is the possibility of the Council having financial gains or losses from movements in prices of financial instruments. Whilst the Council's approved Treasury Management policy allows investments in financial instruments such as bank certificates of deposit and Government bonds, the Council invests primarily in instruments where the sum returned on maturity is the same as the initial amount invested. For service investment purposes, the Council has equity holdings of £25,000 (£21,000 in 2022/23) which are quoted on a recognised stock exchange at 31 March 2024.

The Council's 100% shareholding in Cardiff City Transport Services Ltd is not quoted on a recognised exchange and thus not subject to gains or losses from market price movements. A general shift of 5% in the fair value (positive or negative) would result in a £1.320 million gain or loss being recognised in the Movement in Reserves Statement in terms of valuations for accounts purposes only.

**16. Assets Held for Sale**

31 March 2023 £000		31 March 2024 £000
0	<b>Balance at 1 April</b>	<b>4,000</b>
0	Additions	0
0	De-recognition	(4,000)
0	Impairment	0
4,000	Reclassified to/(from) Held for Sale	450
<b>4,000</b>	<b>Balance at 31 March</b>	<b>450</b>

**17. Short Term Debtors**

31 March 2023 £000		31 March 2024 £000
118,295	Central Government Bodies	128,680
17,310	Other Local Authorities & NHS Bodies	26,925
52,201	Other Entities & Individuals including Public Corporations	45,266
<b>187,806</b>	<b>Total Short Term Debtors</b>	<b>200,871</b>

## 18. Cash and Cash Equivalents

31 March 2023 £000		31 March 2024 £000
158	Cash	154
(7,860)	Bank (including cheque book schools and CCRCD)	(22,829)
64,296	Short-term deposit with banks & building societies	119,616
<b>56,594</b>	<b>Total Cash and Cash Equivalents</b>	<b>96,941</b>

## 19. Short Term Creditors

31 March 2023 £000		31 March 2024 £000
(25,004)	Central Government Bodies	(43,865)
(14,584)	Other Local Authorities & NHS Bodies	(6,250)
(99,349)	Other Entities & Individuals including Public Corporations	(106,579)
<b>(138,937)</b>	<b>Total Short Term Creditors</b>	<b>(156,694)</b>

## 20. Interests in Other Companies and Other Organisations

The Council has five wholly owned subsidiary companies. The interest in Atebion Solutions Limited is consolidated within the Council's accounts. The interest in Cardiff City Transport Services Ltd is consolidated to form the Council's group accounts which are shown later in these Statements. The interests in the other three organisations are considered immaterial in terms of the turnover and net assets and have therefore been excluded from consolidation in 2023/24. The Council does not depend upon these three organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk.

### Cardiff City Transport Services Limited. (Cardiff Bus)

Company number 02001229 Incorporated 1986

Cardiff Bus was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation.

The effect of the Pandemic on travel patterns continued to affect passenger numbers during 2023/24 but showed an improvement on previous year levels. During the year the Company entered a further extension to the BES 3 (Bus Emergency Scheme) funding until the 24 July 2023, and entered the Bus Transition Funding from 25 July 2023 to 31 March 2024. The Company was successful in receiving grant funding under the Cardiff Electric Bus Vehicle Scheme with the electric buses acquired and in operation.

The Council agreed in October 2020 to implement a range of measures to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational

future. The Council became the statutory employer of the Cardiff Bus Pension Scheme on 3 March 2021 and injected equity of £13.6 million between 2020/21 and 2021/22.

The company's draft accounts are summarised below:

31 March 2023 £000		31 March 2024 £000
(38,567)	Turnover and other income	(37,741)
36,798	Operating and other expenditure	36,780
<b>(1,769)</b>	<b>Net (Profit)/Loss before Taxation</b>	<b>(961)</b>
374	Taxation	0
<b>(1,395)</b>	<b>(Profit)/Loss after Taxation</b>	<b>(961)</b>

A summary of the company's financial position is as follows:

31 March 2023 £000		31 March 2024 £000
22,171	Bus and other operating assets	29,587
14,576	Current Assets	16,983
(3,307)	Less Current Liabilities	(3,636)
	Creditors: Amounts falling due after more than one year	
(7,999)	Provisions & Long term liabilities	(16,532)
<b>25,441</b>	<b>Total Assets less Liabilities</b>	<b>26,402</b>
	Represented by:	
18,218	Share Capital	18,218
3,374	Retained Earnings	4,335
3,849	Revaluation Reserve	3,849
<b>25,441</b>	<b>Net Worth</b>	<b>26,402</b>

During 2023/24 the Council made payments totaling £7.721 million to Cardiff City Transport Services Ltd (£8.234 million in 2022/23), of which £7.120 million related to concessionary fares payments (£7.498 million in 2022/23). The Council also received income of £758,000 (£782,000 in 2022/23).

At year-end, there is no balance due to Cardiff City Transport Services Ltd (£26,000 at March 2023) and a balance due of £168,000 from Cardiff City Transport Services Ltd (£198,000 at March 2023).

The company's auditors are Kilsby Williams.

### **Cardiff Business Technology Centre Limited (CBTC)**

**Company number 02074331 Incorporated 1986**

The company's principal activity is to promote and assist in the development of new and existing high technology and innovation companies through the provision of business/incubator premises with a high level

of support services. It completed another successful year despite operational challenges of post pandemic recovery. Demand for space remained consistently strong, sustaining high levels of occupancy. The company continues to offer flexible terms to newly established tenants to ensure accelerated growth and a nurturing atmosphere from which they are able to establish commercially stronger businesses. The company's draft accounts are summarised below:

31 March 2023 £000		31 March 2024 £000
74	Net (Profit)/Loss before Taxation	83
(7)	Less: Taxation	(1)
<b>67</b>	<b>(Profit)/Loss after Taxation</b>	<b>82</b>

31 March 2023 £000		31 March 2024 £000
680	Total assets less current liabilities	597
(22)	Provision for taxation	(21)
<b>658</b>	<b>Total Assets less Liabilities</b>	<b>576</b>
	Represented by:	
364	Retained Profit	313
294	Revaluation Reserve	263
<b>658</b>	<b>Net Worth</b>	<b>576</b>

During 2023/24 the Council made payments of £498,000 to CBTC (£380,000 in 2022/23) and received no income (£0 in 2022/23) from CBTC. At year end, there is no balance due to or from CBTC Limited. (£0 at 31 March 2023).

The company's auditors are MHA Chartered Accountants and Statutory Auditor.

## Atebion Solutions Limited

### Company number 10411758 Incorporated 2016

Atebion Solutions was established to deliver procurement and commercial services to the public sector. In addition to undertaking Atebion Solutions work the Council's Procurement Team are now delivering the procurement service for Monmouthshire, Torfaen and Vale of Glamorgan Councils and also managing 3 regional frameworks. In common with the wider public procurement sector, challenges of recruitment and employee retention are impacting on the capacity to take on additional work. In light of this, the Atebion Board and Shareholder Representative have agreed that Atebion Solutions should adopt Non trading status in 2024/25. The company has the financial assets to meet all financial liabilities in full.

The company's draft accounts are summarised below:

31 March 2023 £000		31 March 2024 £000
8	Net (Profit)/Loss before Taxation	4
(2)	Less: Taxation	0
<b>6</b>	<b>(Profit)/Loss after Taxation</b>	<b>4</b>

31 March 2023 £000		31 March 2024 £000
30	Total assets less current liabilities	26
0	Creditors: falling due after more than one year	0
<b>30</b>	<b>Total Assets less Liabilities</b>	<b>26</b>
	Represented by:	
30	Retained Profit	26
<b>30</b>	<b>Net Worth</b>	<b>26</b>

During 2023/24, the Council made no payments (£0 in 2022/23) to Atebion Solutions Ltd and received income of £4,000 (£32,000 in 2022/23) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2023) and a balance due of £4,000 from Atebion Solutions Ltd (£23,000 at 31 March 2023).

Under s479A of the Companies Act 2006, Atebion Solutions Ltd is exempt from the requirements of the Act relating to the audit of individual accounts. Cardiff Council has guaranteed the liabilities of Atebion Solutions Ltd.

### Cardiff Heat Network Limited

#### Company number 13199235 Incorporated 2021

Cardiff Heat Network aims to develop and operate a sustainable heat network across the city which will supply low carbon heat to buildings agreed to be connected to the network. Construction works commenced in January 2022 in respect of the Phase 1 scope, with first live heat supplies expected to be delivered from late Autumn 2024. Negotiations continued to take place during the year with customers of the energy to ensure sufficient take up to allow the business case assumptions for the network to be met. These targets and assumptions continue to be reviewed.

The company's draft accounts are summarised below:

31 March 2023 £000		31 March 2024 £000
26	Net (Profit)/Loss before Taxation	144
0	Less: Taxation	0
<b>26</b>	<b>(Profit)/Loss after Taxation</b>	<b>144</b>

31 March 2023		31 March 2024
---------------	--	---------------

£000		£000
(40)	Total assets less current liabilities	8,450
0	Creditors: falling due after more than one year	(8,634)
<b>(40)</b>	<b>Total Assets less Liabilities</b>	<b>(184)</b>
	Represented by:	
(40)	Retained Profit	(184)
<b>(40)</b>	<b>Net Worth</b>	<b>(184)</b>

During 2023/24, the Council provided a loan of £8.634 million to the company (£4.178 million grant in 2022/23) and received £25,000 (£16,000 in 2022/23 from Cardiff Heat Network Ltd. At year end, there is a balance due of £4,000 from Cardiff Heat Network Ltd. (£0 at 31 March 2023).

The company's auditors are Azets.

## Cardiff Waste Limited

### Company number 02664172 Incorporated 1991

The company was incorporated to collect and dispose of waste materials of every description, operate waste disposal sites, vehicles and plant and provide related advice. The company remains dormant, with no trading activities. Administrative steps to de-register the company will take place in 2024/25.

## 21. Provisions

	Balance 31 March 2023 £000	Utilised/ Released in year £000	Transfers to Provisions £000	Balance 31 March 2024 £000	Not later than one year £000	Later than one year £000
Insurance & MMI Scheme	(9,778)	4,047	(4,216)	(9,947)	(1,989)	(7,958)
Ferry Road Landfill	(6,291)	456	(3,202)	(9,037)	(350)	(8,687)
Lamby Way Landfill	(9,334)	417	(3,861)	(12,778)	(756)	(12,022)
Cardiff Capital Region City Deal	(657)	0	(6,655)	(7,312)	0	(7,312)
Other	(1,826)	395	(207)	(1,638)	(1,102)	(536)
<b>Total</b>	<b>(27,886)</b>	<b>5,315</b>	<b>(18,141)</b>	<b>(40,712)</b>	<b>(4,197)</b>	<b>(36,515)</b>

Insurance represents sums set aside to meet the cost of claims received, but not yet settled. The Council operates a system of self-insurance which provides cover either in part or in total for a considerable number of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self-funded whereas full cover is provided for secondary risks such as 'all-risks'.

Municipal Mutual Insurance (MMI) Scheme of arrangement levy - represents a scheme that was triggered on 13 November 2012 and this will involve the claw back of a percentage of previously paid claims as well as a percentage of future claims. Further details are provided in note 27.

Landfill aftercare reflects the financial obligations to address restoration and aftercare for Lamby Way and Ferry Road sites in accordance with initial permits for the disposal of waste. These obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure. The level of provision is reviewed periodically with the latest review taking place in 2023/24.

Cardiff Capital Region City Deal – primarily represents timing differences in relation to corporation tax.

Other – includes £1.062 million for Adults Services provider charges.

## 22. Pension Strain

In addition to the costs of redundancy payments made to leavers, in some cases the Council also incurs costs relating to pension strain which it is required to pay over to the Pension Fund when individuals leave via the Severance Scheme. This applies only to leavers who are members of the Local Government Pension Scheme and aged 55-59 at the date they leave employment with the Council. The pension strain cost to the Council is the amount it has to pay over to the Pension Fund to compensate for the lost pension contributions for these staff.

The Council has the option to pay the amounts due in respect of pension strain over a 5 year period in order to spread the impact of these costs. The following table shows the level of pension strain in the balance sheet.

31 March 2023 £000	Pension Strain	31 March 2024 £000
(1,737)	Pension Strain due within 1 year	(1,065)
(494)	Pension Strain due later than 1 year	(2,283)
<b>(2,231)</b>	<b>Total Pension Strain</b>	<b>(3,348)</b>

## 23. Deferred Liabilities

These are amounts paid in advance by external bodies towards expenditure in future years.

	Balance 31 March 2023 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2024 £000	Not later than one year £000	Later than one year £000
Commuted Maintenance Sums	(8,228)	529	(1,088)	(8,787)	(745)	(8,042)
Rent Smart Wales Income in Advance	(5,767)	3,476	(2,718)	(5,009)	(1,000)	(4,009)
<b>Total Deferred Liabilities</b>	<b>(13,995)</b>	<b>4,005</b>	<b>(3,806)</b>	<b>(13,796)</b>	<b>(1,745)</b>	<b>(12,051)</b>

## 24. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24

2022/23 £000		2023/24 £000
	<b>Grants and contributions credited to the CIES</b>	
(413,544)	Revenue Support Grant	(475,312)
(131,182)	Non-Domestic Rates	(118,293)
(111,234)	Capital Grants	(125,381)
(2,878)	Developers' Contributions	(21,251)
<b>(658,838)</b>	<b>Total</b>	<b>(740,237)</b>
	<b>Credited to Services (Revenue Grants &amp; Contributions)</b>	
(326,518)	Central Government Bodies	(325,480)
(27,677)	Other Local Authorities & NHS Bodies	(29,405)
(7,428)	Other Entities and Individuals including Public Corporations	(11,400)
<b>(361,623)</b>	<b>Total</b>	<b>(366,285)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the provider. The balances at the year-end are as follows:

31 March 2023 £000	Revenue Grants and Contributions Receipts in Advance	31 March 2024 £000
(6,918)	Central Government Bodies	(13,733)
0	Other Local Authorities & NHS Bodies	0
(1,102)	Other Entities and Individuals including Public Corporations	(607)
<b>(8,020)</b>	<b>Total</b>	<b>(14,340)</b>

31 March 2023 £000	Capital Grants Receipts in Advance	31 March 2024 £000
(22,679)	Central Government Bodies	(8,303)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
<b>(22,679)</b>	<b>Total</b>	<b>(8,303)</b>

The below table represents amounts received predominantly from developers and other external sources, which are yet to be used to fund specific future expenditure. Whilst no payments were received directly by the Council, the obligations of developers to construct and provide two new primary schools as part of housing projects in the city have been assumed in contributions received and applied in 2023/24. This is based on assumed valuations for the schools included in the accounts.

31 March 2023 £000	Capital Contributions Receipts in Advance	31 March 2024 £000
(22,388)	Balance as at 1 April	(31,296)
(11,892)	Contributions received during the year	(24,900)
2,910	Contributions applied to expenditure during the year	21,545
74	Reclassification	39
(31,296)	Balance as at 31 March	(34,612)

## 25. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. Usable Reserves include Council Fund and HRA Balances, Earmarked Reserves, Capital Receipts Reserve and the Capital Grants Unapplied Reserve.

### 25.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2023 £000	From Revenue £000	To Revenue £000	31 March 2024 £000
<b>COUNCIL FUND AND HRA BALANCES</b>				
Council Fund Balance	14,255	0	0	14,255
Housing Revenue Account Balance	15,502	0	0	15,502
<b>Total Council Fund and HRA Balances</b>	<b>29,757</b>	<b>0</b>	<b>0</b>	<b>29,757</b>

### 25.2 Earmarked Reserves

This note sets out the contributions to and from earmarked reserves during the year.

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2023 £000	From Revenue £000	To Revenue £000	31 March 2024 £000	
<b>SCHOOLS BALANCES</b>					
Schools Reserves	21,450	1,596	(12,377)	10,669	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund
Cathays – Maintenance of Playing Field	3	0	(3)	0	Maintenance of path alongside Cathays High School
Primary/Special Schools Repairs	1,251	0	(200)	1,051	The overall balance held on the mutual scheme for repairs to school buildings

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2023	From Revenue	To Revenue	31 March 2024	
	£000	£000	£000	£000	
	<b>22,704</b>	<b>1,596</b>	<b>(12,580)</b>	<b>11,720</b>	
<b>SCHOOLS RESERVES</b>					
Out of School Childcare	76	10	(7)	<b>79</b>	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position
Schools Formula Funding	2,668	1,456	(1,070)	<b>3,054</b>	Unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets
Schools ICT Infrastructure	171	0	(171)	<b>0</b>	Cyclical replacement of Schools ICT in order to ensure equipment and infrastructure is current and avoid obsolescence
Schools Organisational Plan	3,633	7,906	(9,954)	<b>1,585</b>	Manage the cash flow implications of the Schools Organisational Plan financial model
	<b>6,548</b>	<b>9,372</b>	<b>(11,202)</b>	<b>4,718</b>	
<b>OTHER COUNCIL RESERVES</b>					
Adults Social Care	3,407	0	(1,097)	<b>2,310</b>	Service specific pressures and to enhance financial resilience
Apprenticeships and Trainees	913	14	(109)	<b>818</b>	Corporate Apprentice Scheme
Arena Funding Strategy Risk Mitigation*	10,000	0	0	<b>10,000</b>	Manage and mitigate any risk of the Arena funding strategy
Bereavement Services	34	843	(816)	<b>61</b>	Planned programme of refurbishment and improvement
Building Control Regulations	176	40	0	<b>216</b>	Smooth effects of future deficits within ring fenced building control account
Bute Park Match Funding	51	0	(22)	<b>29</b>	Match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement
Capital Business Case Development	1,569	750	(146)	<b>2,173</b>	Development of capital business cases
Cardiff Academy Training	50	0	0	<b>50</b>	Support initiatives undertaken in connection with the Academy
Cardiff Capital Region City Deal	172	0	(44)	<b>128</b>	Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal
Cardiff Dogs Home Legacy	263	112	(180)	<b>195</b>	Donations left to Cardiff Dogs Home to be used for improvements to the home
Cardiff Enterprise Zone	3,797	1,280	0	<b>5,077</b>	Cardiff Enterprise Zone in future years
Central Market Works	156	0	(109)	<b>47</b>	Works at Cardiff Central Market and as potential match funding for external grants bids
Central Transport Service	1,444	0	(156)	<b>1,288</b>	Central transport vehicle service
Children's Services	3,248	0	(3,248)	<b>0</b>	Enhance resilience
City Events*	0	0	0	<b>0</b>	City events that contribute to the economy
City Wide Management and Initiatives	2,421	200	(1,064)	<b>1,557</b>	City wide management and initiatives including supporting marketing and infrastructure
Coastal Erosion Capital Financing	0	1,308	0	<b>1,308</b>	Manage Welsh Government grant for capital financing costs for Coastal Erosion project over the construction period of the flood risk project
Community Based Services Transition	105	0	0	<b>105</b>	Better integration of community facilities across the public sector

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2023 £000	From Revenue £000	To Revenue £000	31 March 2024 £000	
Community Initiatives	2,066	24	(1)	2,089	Initiatives arising from the legacy of the Community First Programme
Connect to Cardiff Refurbishment	10	0	(10)	0	Expansion due to new and changing regulations
Corporate Events and Cultural Services*	5,857	918	(782)	5,993	Feasibility studies and costs of major events and to offset future pressures arising from fluctuations in income within Venues and Cultural Services
Corporate Landlord Function	505	0	(180)	325	Corporate landlord functions across the Council in order to provide a cohesive and commercial operating model
Corporate Recovery Risk	4,250	0	0	4,250	Mitigate risk of transition post pandemic
Council Tax Reduction Scheme pressures	2,153	0	0	2,153	Medium term increases in Council Tax Reduction Scheme expenditure
Demand Pressures	7,402	389	(2,051)	5,740	Financial resilience to help manage demand volatility and uncertainty
Digital Transformation	2,485	0	(119)	2,366	New ways of working
Discretionary Rate Relief	100	0	0	100	Non-Domestic Rates due diligence
Emergency Management, Safeguarding and Prevent	139	0	0	139	Preventative measures in relation to safeguarding, the Prevent agenda and emergency management
Employee Changes	10,647	1,038	(1,251)	10,434	Costs associated with voluntary redundancy and other employee costs in future years
Empty Homes and Housing Needs	1,574	925	(206)	2,293	Housing needs including activities relating to investing in empty homes and bringing them back in use
Energy Conservation (One Planet Cardiff)	1,297	0	(53)	1,244	Energy conservation initiatives
Energy Market Volatility	3,336	270	0	3,606	Expected fluctuations in the cost of energy and fuel
Family Guarantor	339	0	(339)	0	Transfer of families from temporary accommodation into permanent homes
Flatholm	7	0	0	7	Initiatives, repairs and renewals
Fraud Detection	44	0	0	44	Supplement staffing and other costs associated with fraud detection
Governance and Legal Services	140	0	0	140	Future Governance & Legal Services initiatives, including projects in connection with ICT upgrades
Grant fall out resilience	0	557	0	557	Resilience for potential grant fall out in relation to Shared Prosperity Fund (SPF).
Harbour Authority Project and Contingency Fund	130	3	0	133	Improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay
Highways Section 278	204	0	(22)	182	Highway investment
Homelessness	1,906	492	(61)	2,337	Increases in homelessness pressures
Housing Support	734	0	0	734	Improve sustainability by maintaining the independence of people in their own homes
ICT Holding Account	627	121	(204)	544	Future business process improvement initiatives and other future ICT initiatives

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2023 £000	From Revenue £000	To Revenue £000	31 March 2024 £000	
Insole Court	113	3	0	116	Council building repair liabilities in line with lease terms
Inspectorate Support	1,108	750	(320)	1,538	Consultancy for inspections and regulatory environment
Insurance	8,188	0	(177)	8,011	Protect from future potential insurance claims
Invest to Save	261	0	0	261	Used in connection with revenue invest to save schemes
Joint Equipment Store	515	0	0	515	Offset deficits or one off expenditure items in the pooled budget, in future years
Local Development Plan	275	79	(108)	246	Local Development Plan and any potential appeals or judicial reviews
Major Projects	508	94	(447)	155	Major Projects
Members Development	33	0	0	33	Members' ICT software
Municipal Election	331	100	0	431	Local elections
Municipal Mutual Insurance	935	0	0	935	Liability to pay a percentage of claims previously settled by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims
New Theatre Repairs	408	54	0	462	Council building repairs liabilities in line with the lease terms
Non-Domestic Rates Due Diligence	60	0	0	60	Non-Domestic Rates due diligence
Parking and Enforcement	1,022	6,847	(6,905)	964	Surpluses to parking and enforcement schemes which, under the Road Traffic Act 1984, have to be reinvested in Road Traffic Schemes. Additional details provided in note below
Property Asset Management	16	0	0	16	Managing timing and fluctuations of income from fees relating to the disposal of properties
Red Dragon Centre	2,887	0	(932)	1,955	Premises funding requirements
Rentsmart Wales	582	6	0	588	Training and service delivery in respect of Rentsmart Wales
Resources	3,410	705	(853)	3,262	Number of areas within the Resources Directorate particularly where transition to alternative methods of operation are required
Scrutiny Development and Training	81	0	(7)	74	Scrutiny member development and training
Social Care Technology	333	0	(333)	0	Social care ICT developments
Social Care Worker Mobility	542	0	0	542	Increase domiciliary support service capacity in conjunction with decarbonisation of services
South East Wales Construction Framework	2,002	64	(371)	1,695	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities
Strategic Budget	8,354	225	(1,809)	6,770	Financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan
Town Centre Loan Scheme Administration	0	120	0	120	Administration and re-investment of interest in accordance with the repayable Welsh Government loan scheme

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2023 £000	From Revenue £000	To Revenue £000	31 March 2024 £000	
Treasury Management*	4,818	8,000	(700)	12,118	Management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme
Wales Building Safety Loan Scheme (WG)	0	750	0	750	Administration, set up and due diligence costs for the repayable Welsh Government loan scheme
Wales Interpretation and Translation Service	331	0	(97)	234	Manage in-year fluctuations in funding and financial performance of the service
Waste Management	1,823	0	(378)	1,445	Initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs
Welfare Reform	2,883	129	(406)	2,606	Mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services to Department for Work and Pensions, as part of the rollout of the Universal Credit Scheme
Youth and Community Education	891	0	(644)	247	Costs connected with the refurbishment of youth centres
	<b>116,468</b>	<b>27,210</b>	<b>(26,757)</b>	<b>116,921</b>	
<b>SHARE OF JOINT COMMITTEE &amp; SUBSIDIARY RESERVES</b>					
Cardiff Capital Region City Deal (CCRCD)	3,793	0	(15)	3,778	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal
Atebion Solutions Limited	0	0	26	26	The consolidated usable reserves of Atebion Solutions Ltd
	<b>3,793</b>	<b>0</b>	<b>11</b>	<b>3,804</b>	
<b>Total Council Fund Reserves</b>	<b>149,513</b>	<b>38,178</b>	<b>(50,528)</b>	<b>137,163</b>	
<b>HRA RESERVES</b>					
Housing Development Resilience	1,000	0	0	1,000	Improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	4,991	761	0	5,752	Housing repairs and to mitigate against risk within the construction industry
Housing Supply Increase	6,000	0	(6,000)	0	Increase housing stock and improve resilience within the Housing Development Capital Programme
Welfare Reform	429	100	(62)	467	Project costs and scheme development to address issues for council tenants due to benefit cap and universal credit
<b>Total HRA Reserves</b>	<b>12,420</b>	<b>861</b>	<b>(6,062)</b>	<b>7,219</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>161,933</b>	<b>39,039</b>	<b>(56,590)</b>	<b>144,382</b>	

\*£10m was moved from the Treasury Management reserve to the new Arena Funding Strategy Risk Mitigation reserve and £1m was moved from the City Events reserve to the Corporate Events and Cultural Services reserve. There has been no change to the approved purpose of the reserves.

## Parking & Enforcement

This reserve is generated from surpluses achieved from Civil Parking Enforcement (CPE). The use of any surplus is governed by Section 55 of the Road Traffic Regulations Act 1984 which specifies that the surplus

may be used to fund operational costs including subsidising the enforcement service, supporting public passenger transport services, transport planning and road safety, maintaining off-street car parks and highway and environmental maintenance and improvements.

2022/23 £000		2023/24 £000
660	Operational costs / Parking and Permits	747
5,998	Enforcement service	6,428
<b>6,658</b>	<b>Total Expenditure</b>	<b>7,175</b>
(4,110)	On-street pay car parking fees	(4,486)
(1,199)	Off-street car parking fees	(1,308)
(367)	Residents parking permits	(590)
(2,199)	Penalty charge notices	(2,480)
(3,450)	Moving Traffic Offences	(4,276)
(656)	Camera car	(765)
(106)	Other income	(117)
<b>(12,087)</b>	<b>Total Income</b>	<b>(14,022)</b>
<b>(5,429)</b>	<b>Civil Parking Enforcement Net (Surplus)/Deficit</b>	<b>(6,847)</b>
	<b>Appropriations to Parking Reserve:</b>	
<b>1,985</b>	<b>Balance 1 April</b>	<b>1,022</b>
5,429	Contributions from CPE	6,847
(6,392)	Contributions to revenue*	(6,905)
<b>1,022</b>	<b>Balance 31 March</b>	<b>964</b>

\*There is a net surplus of £6.847 million. The amount drawn down from the reserve towards revenue costs was £6.905 million, leaving a balance of £964,000 at 31 March 2024. The drawdown included a budgeted sum of £6.688 million to support a range of services, including ongoing support and improvements to transport, parking, highways and environmental services. It also included specific drawdowns to support various approved improvement schemes and initiatives.

### 25.3 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts available to finance future capital expenditure or to repay historical capital expenditure incurred.

2022/23 £000		2023/24 £000
<b>6,840</b>	<b>Balance as at 1 April</b>	<b>7,680</b>
	Movements during Year:	
10,030	Sale of land, buildings and other assets	6,069
1,519	Recoupsments of grant/other	397
<b>11,549</b>		<b>6,466</b>
(10,378)	Finance Capital Expenditure	(2,735)
(331)	Provide for repayment of external loans	(548)
<b>(10,709)</b>		<b>(3,283)</b>
<b>7,680</b>	<b>Balance as at 31 March</b>	<b>10,863</b>

## 25.4 Unapplied Capital Grants

The Usable Capital Grants Reserve represents grants received without conditions that are to be applied to capital expenditure projects identified in the 2023/24 Capital Investment Strategy.

2022/23 £000		2023/24 £000
6,972	<b>Balance as at 1 April</b>	6,972
0	Transfer of capital grants and contributions to capital grants unapplied	(2,000)
6,972	<b>Balance as at 31 March</b>	4,972

## 26. Unusable Reserves

### 26.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets. 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.

2022/23 £000		2023/24 £000
345,822	<b>Balance as at 1 April</b>	362,612
0	Adjusting amounts from Capital Adjustment Account	
20,021	Upward revaluation of assets	42,839
(815)	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	(505)
19,206	<b>Surplus or deficit on revaluation of non-current assets not posted to the (Surplus)/ Deficit on the Provision of Services</b>	42,334
(2,416)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(3,295)
0	Accumulated gains on assets sold or scrapped	(4)
(2,416)	<b>Amount written off to the Capital Adjustment Account</b>	(3,299)
362,612	<b>Balance as at 31 March</b>	401,647

## 26.2 Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. The Account is credited with the amounts used as finance for capital expenditure. It contains accumulated gains and losses on Investment Properties, amounts set aside to repay external loans.

Note 1 provides details of the source of all of the transactions posted to this Account, apart from those involving the Revaluation Reserve.

2022/23 £000		2023/24 £000
977,282	<b>Balance as at 1 April</b>	1,046,902
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(90,672)	Charges for depreciation and impairment of non-current assets	(86,170)
(604)	Amortisation of intangible assets	(538)
19,778	Reverse previous impairment on revaluation	3,209
(15,909)	Revaluation losses on Property, Plant and Equipment	(65,805)
0	Movement in Assets Held for Sale	0
(8,407)	Expenditure on REFCUS	(28,071)
(2,150)	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	(4,749)
<b>(97,964)</b>		<b>(182,124)</b>
2,416	Adjusting amounts to the Revaluation Reserve (including historic cost adjustment)	3,300
<b>(95,548)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(178,824)</b>
	<b>Capital financing applied in the year:</b>	
10,378	Capital Receipts	2,735
3,995	Direct Revenue Financing	10,889
114,112	Grants and contributions credited to CIES applied to capital financing	146,632
0	Application of grants from Grants unapplied account	2,000
40,494	Prudent Revenue Provision	45,016
331	Capital receipts to provide for repayment of external loans	548
(1,698)	Reduction in loan debtors	(553)
<b>167,612</b>		<b>207,267</b>
(2,444)	Movements in the value of Investment Properties	(7,222)
<b>1,046,902</b>	<b>Balance as at 31 March</b>	<b>1,068,123</b>

## 26.3 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. The Council does not treat these gains as usable for financing new capital expenditure until they are realised.

2022/23 £000		2023/24 £000
5,003	<b>Balance as at 1 April</b>	66
66	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(5,003)	Transfers to the Capital Receipts Reserve upon receipt of cash	0
66	<b>Balance as at 31 March</b>	66

## 26.4 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments held as Financial Instruments that are elected to be classified as Fair Value through other Comprehensive Income i.e., those held for service objectives or policy purposes. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised. 'It also includes the difference between the actual value of loans provided and received where the fair value is different as a result of the perceived benefit or cost of loans at what may be deemed less than commercial rates. This difference is credited to the CIES as a gain or loss as appropriate over the period of the loans

2022/23 £000		2023/24 £000
10,366	<b>Balance as at 1 April</b>	11,742
1,376	(Downwards)/Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services (SDPS)	1,995
0	Soft Loans Interest adjustment charged to SDPS	6,440
11,742	<b>Balance as at 31 March</b>	20,177

The majority of the balance relates to the Council's shareholding in Cardiff Bus which is not listed on any quoted market, and for which a valuation is based on the company's reported net worth as per its Annual Accounts to comply with accounting for Financial Instruments. Any change in value within the Council's accounts does not have an impact on the Council Taxpayer, revenue budget or cash flow in any one year as any movement in value of the asset is offset in this reserve. Any valuation should be treated with care as it is for accounting purposes only.

## 26.5 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 Council 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 a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council 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. There has been a

significant decrease in the pensions reserve at 31 March as compared to the previous year. This is primarily due to the change in interest rates which impacts the discount rate used in the actuarial assumptions.

2022/23 £000		2023/24 £000
(855,336)	<b>Balance as at 1 April</b>	(208,040)
726,020	Actuarial gains or losses on pensions assets and liabilities	161,282
(132,058)	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	(62,613)
99	Reversal of amounts accrual in respect of pension strain for future years	(1,117)
53,235	Employer's pensions contributions and direct payments to pensioners payable in the year	56,658
(208,040)	<b>Balance as at 31 March</b>	(53,830)

## 26.6 Accumulated Absences Account

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

2022/23 £000		2023/24 £000
(17,054)	<b>Balance as at 1 April</b>	(16,978)
17,053	Settlement or cancellation of accrual made at the end of the preceding year	16,972
(16,978)	Amount accrued at the end of the current year	(12,442)
76	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 accounting requirements	4,530
(16,978)	<b>Balance as at 31 March</b>	(12,448)

## 26.7 Donated Inventories Account

The Donated Inventories Account represents the value of donated inventories held as at 31 March.

The Council received donated equipment in previous years from NHS Shared Services (NHSS), at nil cost, towards its Social Care responsibilities.

2022/23 £000		2023/24 £000
9,234	<b>Balance as at 1 April</b>	7,961
(1,273)	Movement in Donated Inventories Account	(7,648)
7,961	<b>Balance as at 31 March</b>	313

## 27. Contingent Assets and Liabilities

### Assets

The Council holds a proportion of equity in a number of properties arising primarily from the affordable housing contribution that developers provide on new build developments. The equity proportions range from 20% to 40%, with the buyer nominated by the Council providing the balance of the resources to purchase the property. These properties were aimed at first time buyers who could not afford to buy a home on the open market. When the owner of the property wishes to sell their home, the Council has the first opportunity to nominate a purchaser from the assisted home ownership waiting list. If there is no nomination, the owner is free to sell on the open market and the Council is entitled to its relevant proportion of the market value of disposal in accordance with the charge on the property. This is treated as a capital receipt in the year that it is received. The estimated total value of equity at 31 March 2024 is £14.040 million (£12.338 million at 31 March 2023) based on the latest sale valuation for each property and is not updated for any changes in the market value of those properties to 31 March 2024.

In March 2015, the Council approved a request from Glamorgan County Cricket Club to write off 70% of a £6.534 million loan balance due to the Council and restructure remaining sums in line with other major creditors. This was actioned on 21 December 2015 resulting in an outstanding amount of £1.960 million. Repayments commenced in 2019/20, with repayments totalling £490,000 to 31 March 2024. The club are committed to repay the loans, however due to the current uncertainties in terms of attendance levels, fixtures and debt obligations resulting from Covid period, the Council's view is that risks of recovery still remain and the balance due of £1.470 million remains 100% impaired at 31 March 2024. Any balances due are not shown in the financial statements but are identified as a contingent asset to reflect the amounts potentially receivable. Options for repayment or restructuring of existing loan terms will need to be agreed prior to January 2026.

### Liabilities

As at 31 March 2024 three claims existed in excess of £10,000 against the Council for which there is no insurance cover. The claims include unfair dismissal, disability and race discrimination, and breach of contract. The potential liability in respect of the claims is estimated to be £65,000 (£10,000 at 31 March 2023) and the Council is resisting liability.

The former Authorities of South Glamorgan County Council, Cardiff City Council, Mid Glamorgan County Council and Taff Ely Borough Council are creditors of Municipal Mutual Insurance (MMI) Ltd and are legally bound by the Scheme of Arrangement. MMI ceased taking new business on 30 September 1992. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled. The accounts reflect a provision of £171,000 and £935,000 held in an earmarked reserve towards any liability. This is considered prudent based on most recent actuarial advice, however, this is subject to the outcome of settled claims.

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

The Council has entered into a number of contracts for services involving the transfer of Council employees to the new service provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Admission agreements with the new employers allow transferred employees to remain in membership of the Cardiff and Vale of Glamorgan Pension Fund. In the event that a contractor fails to meet its obligations to the Pension Fund as set out in the admission agreement, the Council acts as guarantor for the accrued pension liabilities.

During 2020/21, the Council as the sole shareholder, agreed a range of measures to address the difficulties faced by Cardiff City Transport Services Limited (Cardiff Bus) and the Trustees of its pension scheme to agree, in accordance with Pension Legislation, the Triennial valuation of the pension scheme at 31 March 2018. On 3 March 2021, the Council entered into an agreement with the Trustees of the Cardiff City Transport Services Limited Pension Scheme meaning that all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council. This means that the Council became statutory employer of the Cardiff Bus pension funds and is responsible for paying contributions into the scheme towards addressing any identified deficit when assets and liabilities are projected as part of three yearly actuarial reviews. The schedule of contributions is currently £250,000 per annum, to be reviewed as part of the next triennial valuation as at 31 March 2024. The Council is also responsible for scheme operating expenses, Pension Protection Fund levy and any other costs and expenses in respect to its obligations as Statutory and Principal employer. All costs are to be recovered from Cardiff Bus; however, the Council is ultimately responsible for such costs in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2024 are shown in note 13.

The High Court ruled in June 2023 that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 require actuarial certificates under section 37 of the Pension Schemes Act 1993. Where there is no certification, or the certificates are not available, the changes will be considered void. This applies to past service and future service rights whether resulting in detriment or benefit to scheme members. An appeal was dismissed by the Court of Appeal in August 2024. The Government's Actuary Department (GAD) are currently reviewing scheme changes for LGPS among other schemes to confirm whether actuarial certificates are available. Requests have been made to DWP to consider making regulations under section 37 (2) of the Pension Schemes Act 1993 to validate any amendment held to be void solely due to written actuarial confirmation not being received or located. DWP have not indicated whether they will take this forward. There is a potential liability of unknown value and timing due to the uncertainties detailed above.

## 28. Notes to Cash Flow Statement

2022/23 £000		2023/24 £000
	Adjust net surplus or deficit on the provision of services for non - cash movements	
(87,213)	Depreciation, impairment & amortisation	(149,304)
(78,824)	Charges made for retirement benefits (IAS19) less employers contributions	(5,910)
(2,150)	Carrying amount of non-current assets sold or derecognised	(4,749)
(1,245)	Increase/(decrease) in stock	(7,757)
(133)	Increase/(decrease) in debtors	13,407
52,661	Increase/(decrease) in creditors	(29,275)
(679)	Other non-cash items affecting net surplus or deficit on provision of services	(1,916)
9,635	CCRCD	(16)
<b>(107,948)</b>		<b>(185,520)</b>

2022/23 £000	Items in net surplus/ deficit on provision of services that are investing and financing activities	2023/24 £000
5,147	Proceeds from non-current assets & investments	6,070
107,417	Capital grants/contributions recognised in CIES	147,029
<b>112,564</b>		<b>153,099</b>

2022/23 £000	Interest and Dividends	2023/24 £000
(3,669)	Interest Received	(7,893)
34,251	Interest Paid	33,073
0	Dividends Received	0
<b>30,582</b>		<b>25,180</b>

### **29. Prior Period Adjustment**

There are no prior period adjustments.

### **30. Exceptional Items**

There are no exceptional items to disclose.

### **31. Events after the Reporting Period**

On 26 September Council approved the settlement of the landfill tax liability legal case with HMRC. Following the signing of the settlement in November 2024 and a capitalisation direction received from Welsh Government, the settlement costs of £15.219 million have been included within the accounts as capital expenditure incurred within 2023/24. The Council will pursue all options available to pursue the associated landfill tax debt outstanding.

On 17 October 2024 Cabinet considered a report in respect to next steps following the administration of ISG Construction Ltd on 19 September 2024, who were appointed to construct Fairwater Community Campus. Cabinet agreed to novate existing ISG contracts to a supply chain partner whilst commencing the process for a tender exercise for the remaining works with immediate effect. Note 14 Capital Commitments table includes costs associated with this scheme.

### **32. Date of Authorisation of the Accounts for Issue**

This Statement of Accounts was authorised for issue on 28 November 2024 by the Corporate Director Resources. Post Balance Sheet events have been considered up to this date.



# Housing Revenue Account



CRYFACH  
TECACH  
GWYRDDACH

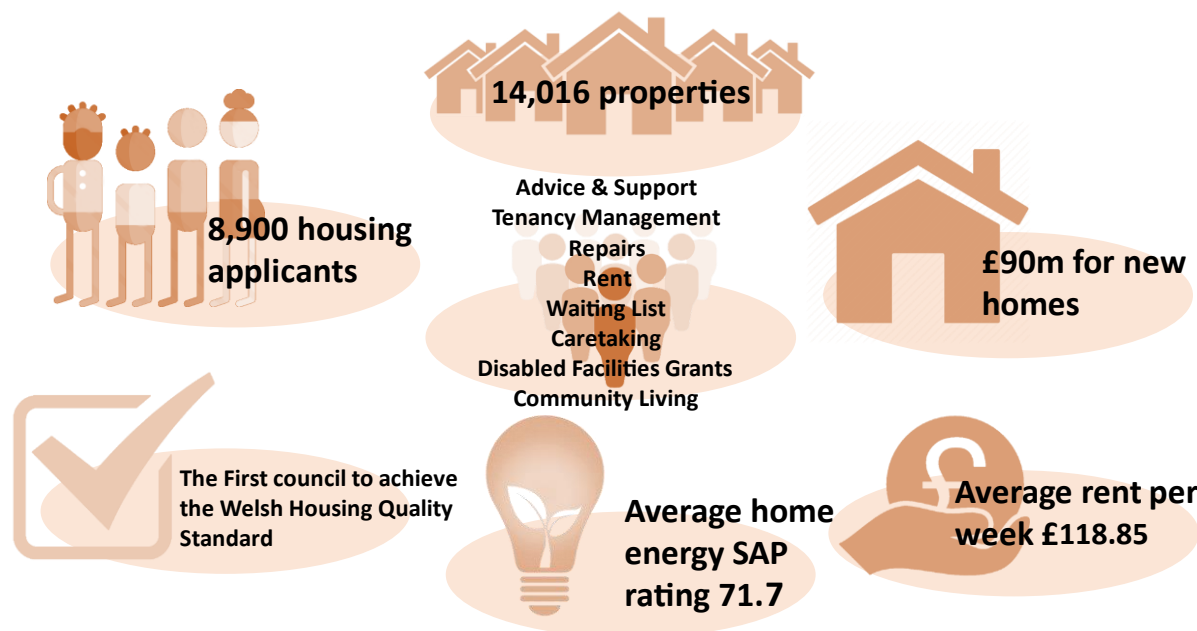
STRONGER  
FAIRER  
GREENER



GWYBODAETHYD  
RWYDORHODD  
GWYBODAETHYD  
RWYDORHODD

## Introduction

The Local Government and Housing Act 1989 places a statutory duty on local authorities to maintain a separate account for the costs associated with the management, repair and maintenance of Council dwellings. This is termed the Housing Revenue Account (HRA).



A 30-year business plan and financial model, completed and updated on an annual basis for submission to Welsh Government, provides financial forecasts, service performance and objectives for the HRA. The plan aims to demonstrate the long-term sustainability and financial viability of the HRA over the period and includes the approach to maintaining the Welsh Housing Quality Standards, energy efficiency, remodelling homes, estate regeneration, building safety works and securing new affordable housing to meet need.

Tenant participation in shaping and delivering services is welcome and encouraged in numerous ways, including a dedicated Tenant Participation team, conferences, Tenants Voice meetings, community action days, information provision at the Citizen Hubs, the Tenants' Times publication and other social media.

A tenant satisfaction survey from November 2022 showed:

- 80% of tenants were satisfied with their neighborhood as a place to live
- 74% of tenants were satisfied with the way the Council deals with repairs
- 73% of respondents were satisfied with the service provided by their social landlord
- 77% of tenants were satisfied that their rent provides value for money

## Risks and Financial Outlook

The main expenditure items for the Council's 14,016 properties include repairs and maintenance, capital financing charges on borrowing (interest and provision for repayment), supervision and management (including tenant consultation, rent collection, housing allocations and property and estate management). The major income streams include rent and income from service charges.

Where the HRA spends capital monies, particularly where this is paid for by borrowing, this results in long term financial commitments for the rent payer and it is essential that expenditure decisions are prudent, sustainable and affordable, now as well as in the future.

The Council sets the level of HRA rents each year within a policy framework set by the Welsh Government. The 5-year Social Housing Rent policy was introduced in 2020/21 and has now been extended to 2025/26, allowing for a maximum 1% rent increase above the rate of the September Consumer Price Index (CPI). Where CPI is outside the range of 0 to 3%, a ministerial decision is required for that year.

There is no confirmation of the rent policy approach beyond 2025/26. This and other uncertainties particularly around the impact of inflation represent a significant risk to the resilience of the HRA and business planning as the Council cannot control or accurately predict a key component of the plan. In addition, risk and uncertainty remains in terms of a number of factors including impact of rising prices for the management of existing housing stock, new housing quality standards to be complied with, the development of new stock and increasing demand for housing and service provision. New standards are in place to improve the energy performance of the housing stock, without additional funding.

## ***Financial Performance 2023/24***

The HRA reported a balanced position for 2023/24 after a net transfer from earmarked reserves of £5.2 million. This includes a £6 million drawdown from the Housing Supply Increase Reserve to pay for the acquisition of additional housing. The overall position included lower capital financing costs arising from reduced external interest and provision for debt repayment charges as a result of delay in implementing projects as well as receiving additional unexpected grant funding late in the year.

Rent and service charge income was higher than anticipated due to fewer properties being void during the year and additional leasehold service charge income. In addition, there were vacant employee positions and other efficiencies across the functions, resulting in savings, which were partly offset by increased housing repairs to address the backlog. Void property levels were 1.8% as a percentage of overall stock (2.2% in 2022/23).

HRA earmarked reserves and the HRA General Balance were £7.219 million and £15.502 million respectively as at 31 March 2024.

Our housing stock is valued in the accounts at £704.389 million. Dwellings were revalued in 2023/24 with the vacant possession value deemed to be £1.985 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 36% in order to show the economic cost of providing social housing at less than market rent. The next full valuation will take place in 2025/26.

## ***Capital Expenditure and Funding***

Expenditure in 2023/24 on Public Housing Schemes was £107.371 million. During the year additional grant was bid for and awarded by Welsh Government in relation to various funding streams such as Energy Retrofit, Social Housing Grant and Transitional Accommodation.

Investment was made during the year in estate regeneration, housing stock remodeling, the fabric of dwellings, disabled adaptations and in the acquisition and development of new Council Housing.

The table below shows how capital expenditure was paid for:

Funding Source	2023/24 Actual	% of funding
	£0	%
Major Repairs Allowance (WG grant)	9,570	8.91%
Welsh Government and other external grants	47,295	44.05%
External Contributions	1,533	1.43%
Additional Unsupported Borrowing	40,870	38.06%
Revenue / Reserves	7,400	6.89%
Capital Receipts	703	0.65%
<b>Total</b>	<b>107,371</b>	

The Capital Financing Requirement is a measure of borrowing in relation to the HRA and represents expenditure incurred, but not yet paid for. At 31 March 2024, this stands at £361.691 million; an increase of £26.687 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2024/25 HRA Revenue budget and Medium-Term Financial Plan approved by Council in March 2024. Borrowing repayment and any associated interest costs must ultimately be repaid over a prudent period of time from existing budgets and future income.

### ***Income and Expenditure Account***

The HRA Income and Expenditure Account 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. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2022/23 £000		Note	2023/24 £000
	Management and maintenance comprising :		
30,076	Repairs and maintenance		33,328
37,029	Supervision and management		36,040
407	Rents, rates, taxes and other charges		695
752	Provision for bad and doubtful debts		1,216
13,258	Depreciation, impairment and revaluation losses of non-current assets	8	67,457
0	Movement in Assets Held for Sale		0
876	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	44
35	Debt management costs		38
<b>82,433</b>	<b>Total Expenditure</b>		<b>138,818</b>
(80,732)	Dwelling rents		(86,187)
(26)	Non-dwelling rents		(27)
(13,357)	Charges for services and facilities		(15,389)
(876)	Sums directed by the Welsh Government that are income in accordance with the Code		0

(94,991)	<b>Total Income</b>		<b>(101,603)</b>
(12,558)	<b>Net Cost of HRA Services as included in the Income and Expenditure Statement</b>		<b>37,215</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement:</b>		
(1,532)	(Gain)/loss on sale of HRA non-current assets		(703)
13,462	Interest payable and similar charges		14,069
0	Changes in fair value of investment properties		0
0	Interest and Investment income		0
(47,617)	Capital grants and contributions applied		(58,553)
<b>(48,245)</b>	<b>(Surplus)/Deficit for year on HRA Services</b>		<b>(7,972)</b>

## Movement on HRA Balance

2022/23 £000		Note	2023/24 £000
(15,502)	<b>Balance at 31 March brought forward</b>		<b>(15,502)</b>
(48,245)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(7,972)
46,412	Adjustments between accounting basis and funding basis under regulations	1	13,172
<b>(1,833)</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>		<b>5,200</b>
1,833	Transfers to/(from) earmarked reserves		(5,200)
<b>0</b>	<b>Increase or decrease in the year on the HRA</b>		<b>0</b>
(15,502)	<b>Balance at 31 March carried forward</b>		<b>(15,502)</b>

## Notes to the Financial Statements

### 1. 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 Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2022/23 £000		Note	2023/24 £000
	<b>Adjustments to Revenue Resources</b>		
	Amounts by which the income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements		
5,281	Pension costs (transferred to/from the Pensions Reserve )	4	(448)
(199)	Officer remuneration (transferred to the accumulated absence Reserve )		55
13,618	Charges for depreciation and impairment of non-current assets		14,828
667	Revaluation losses of non-current assets	8	52,629
(1,027)	Reverse previous impairment on revaluation		0
0	Amortisation of intangible assets		0
0	Movement in the market value of investment properties		0

2022/23 £000		Note	2023/24 £000
0	Movement in Assets Held for Sale		0
(47,617)	Capital grants and contributions applied		(58,553)
0	Sums directed by Welsh Government		43
(1,532)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(703)
(12,566)	Prudent Provision for the financing of capital investment		(13,623)
(3,037)	Capital expenditure charged against the HRA		(7,400)
0	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
<b>(46,412)</b>	<b>Total Adjustments</b>		<b>(13,172)</b>

## 2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Void rent losses accounted for 1.81% of the total potential rental income (2.20% in 2022/23). Average rents were £118.84 per week (£113.07 in 2022/23) based on a 52-week year.

## 3. Rent Arrears, Service Charge Arrears and Bad Debt Provision

The following sums were due from tenants:

31 March 2023			31 March 2024	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		<b>Rent Arrears</b>		
5,068	3,744	Dwellings	6,028	4,382
584	584	Hostels/Other accommodation	857	857
<b>5,652</b>	<b>4,328</b>	<b>Total Rent Arrears</b>	<b>6,885</b>	<b>5,239</b>
		<b>Other</b>		
107	65	Service charges	183	110
287	287	Tenants recoverables	208	208
<b>394</b>	<b>352</b>	<b>Total Other Arrears</b>	<b>391</b>	<b>318</b>
<b>6,046</b>	<b>4,680</b>	<b>Total</b>	<b>7,276</b>	<b>5,557</b>

During 2023/24 debts totaling £277,000 were written off as irrecoverable (£306,000 in 2022/23).

## 4. Pension Costs

In accordance with International Accounting Standards 19 – Employee Benefits (IAS 19) the amount included within Supervision and Management in respect of employee costs includes the current service cost for pensions. In order that the pension cost borne by the HRA equals the total employer's contributions paid to the Pension Fund in the year plus any discretionary benefits payable to ex-housing staff, a transfer has been made to the Pensions Reserve as follows:

2022/23 £000		2023/24 £000
10,101	Current service cost	4,906
(4,817)	Cost of employer's contributions plus discretionary benefits	(5,354)
(3)	Pension Strain Accrual	0
<b>5,281</b>	<b>Net transfer to Pensions Reserve</b>	<b>(448)</b>

No attempt has been made to apportion a share of the pensions interest cost and expected return on pensions assets to the HRA as there is no valid basis of apportionment.

## 5. Housing Stock

The Council's housing stock is shown below:

31 March 2023		31 March 2024
7,403	Houses	7,485
634	Bungalows	635
5,309	Flats/Bedsits	5,389
177	Maisonettes	177
330	Retirement complexes	330
<b>13,853</b>	<b>Total</b>	<b>14,016</b>

The Council also has hostels and non-standard/temporary accommodation providing the following:

31 March 2023		31 March 2024
112	Bed spaces in hostels	172
179	Flats in hostels	242
<b>291</b>	<b>Total</b>	<b>414</b>

## 6. Capital Expenditure and Capital Financing

2022/23 £000		2023/24 £000
<b>324,739</b>	Opening Capital Financing Requirement	<b>335,003</b>
	<b>Capital Expenditure:</b>	
75,476	Property, Plant and Equipment	107,188
0	Intangible assets including intangible AUC	0
0	Investment Properties	141
876	Expenditure on REFCUS	43
1,365	Appropriation of land	1,345
	<b>Sources of Finance:</b>	
(3,357)	Capital Receipts	(703)
(48,494)	Government grants and other contributions *	(58,553)
(3,036)	Direct revenue contributions and reserves	(7,400)
(12,566)	Prudent revenue and capital provision for loan repayment	(13,622)
<b>335,003</b>	<b>Closing Capital Financing Requirement</b>	<b>363,442</b>
	<b>Explanation of movements in year:</b>	
10,264	Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	28,439
<b>10,264</b>	<b>Increase in Capital Financing Requirement</b>	<b>28,439</b>

£9.570 million (£9.568 million in 2022/23) of Major Repairs Allowance grant was received from Welsh Government and applied in the year.

## 7. Capital Receipts

Proceeds from the disposal of HRA Assets during 2023/24 were as follows:

- Council Dwellings and Home Purchase Contributions were nil (£344,000 in 2022/23)
- Land £703,000 (£1.192 million in 2022/23)

## 8. Depreciation, Impairment and Revaluation Charged

Depreciation and impairment were charged on HRA assets as shown in the table below. Such charges to the HRA and changes in valuation do not have any impact on the amount required to be collected from rents as all such adjustments to non-current assets are required to be neutralised from capital reserves.

2022/23		2023/24
£000		£000
11,801	Council dwellings	8,970
680	Land and buildings	715
1,137	Vehicles, plant & equipment, intangibles, surplus and AUC	5,143
<b>13,618</b>	<b>Total Depreciation, Amortisation and Impairment</b>	<b>14,828</b>
0	Council dwellings	52,515
(92)	Land and buildings	0
(268)	Vehicles, plant & equipment, intangibles, surplus and AUC	114
<b>(360)</b>	<b>Total Revaluation</b>	<b>52,629</b>
<b>13,258</b>	<b>Total</b>	<b>67,457</b>

## 9. Revenue Expenditure Funded from Capital under Statute (REFCUS)

2022/23		2023/24
£000		£000
	<b>Expenditure:</b>	
876	Buildings not owned by Cardiff Council	43
0	Grants awarded not housing grants	0
<b>876</b>	<b>Charged to Income and Expenditure Account</b>	<b>43</b>
	<b>Funded by:</b>	
(876)	Grants and Contributions	0
0	Borrowing, Receipts and other Capital Resources	(43)
<b>(876)</b>		<b>(43)</b>



# Group Accounts



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## ***Introduction***

The group accounts that follow comply with the requirement of the 2023/24 Code, which states that a local authority with material interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of the County Council of the City and County of Cardiff and its subsidiary Cardiff City Transport Services Ltd (Cardiff Bus) which is a wholly owned subsidiary with limited liability. At the point of drafting these accounts, the 2023/24 accounts for Cardiff Bus are pending Board approval.

The final audited statements for Cardiff Bus for the year ended 2022/23 can be found on the Companies House website using this [Link](#).

The company, in common with many public transport operators, continues to be significantly impacted by changes in travel patterns since the covid pandemic and is in receipt of Welsh Government Bus Emergency support grant along with all other bus operators.

Uncertainty in respect of travel patterns, labour shortages and significant upward cost pressures directly impact on the company as well as regulatory and funding uncertainties which remain difficult to predict. In response to the challenges faced by the company, it continues review its business planning and opportunities to invest in modern fleet and infrastructure to provide vital services. The Council continues to work with the Board of the company to meet future challenges and that includes the appointment of Non-Executive Directors to the Board.

The Council also has interests in the following active subsidiaries: Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. The interest in Atebion Solutions Limited is consolidated within the Council's accounts. The interests in the other organisations are considered immaterial in terms of the turnover and net assets and have therefore been excluded from consolidation in 2023/24. The Council does not depend upon these organisations for statutory service provision, and it is not considered that they expose the Council to a material level of commercial risk. Therefore, they have been excluded from the consolidation in 2023/24. Details of the Council's interests in these organisations are included in note 20 to the Core Financial Statements.

## ***Basis of Consolidation***

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and Cardiff Bus. Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

## ***Accounting policies***

The financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies with the following additions and exceptions:

### **Retirement Benefits**

Cardiff Bus operated two defined benefit funded pension schemes which it accounts for in accordance with FRS102. From March 2021 the liabilities for the pension schemes are included with the Council's Statement of Accounts. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Accounting policies

consistent with those of the Council have been adopted although the financial assumptions used may differ. Both these schemes are now closed to new members. The company also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

### **Value Added Tax**

VAT paid by other group entities is accounted for in the Group Comprehensive Income and Expenditure Statement to the extent that it is irrecoverable from HM Revenue and Customs.

### **Charges to Income and Expenditure for Non-Current Assets**

A charge is made from the revaluation reserve of the subsidiary company to the group income and expenditure reserve for the difference between depreciation charged on the current value of non-current assets held by the subsidiary and what would have been the historical cost depreciation for the year.

## Group Comprehensive Income and Expenditure

2022/23				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
15,699	(8,340)	7,359	Corporate Management	22,907	(15,098)	7,809
140,119	(40,167)	99,952	Economic Development	111,992	(32,662)	79,330
461,993	(106,522)	355,471	Education & Lifelong Learning	490,037	(102,453)	387,584
9,951	(652)	9,299	Governance & Legal Services	8,705	(749)	7,956
10,005	(6,862)	3,143	Harbour Authority	9,552	(6,602)	2,950
236,367	(181,130)	55,237	Housing and Communities	239,150	(188,096)	51,054
82,433	(94,991)	(12,558)	Housing Revenue Account	138,818	(101,603)	37,215
17,700	(13,944)	3,756	Performance and Partnerships	19,609	(16,354)	3,255
108,752	(75,835)	32,917	Planning , Transport and Environment	104,150	(72,074)	32,076
44,681	(23,421)	21,260	Resources	38,464	(18,629)	19,835
169,349	(31,023)	138,326	Social Services- Adults	197,965	(47,547)	150,418
116,354	(21,344)	95,010	Social Services- Children's	123,862	(24,490)	99,372
1,871	(952)	919	Summary Revenue Account	15,549	(909)	14,640
<b>1,415,274</b>	<b>(605,183)</b>	<b>810,091</b>	<b>Net Cost of Services</b>	<b>1,520,760</b>	<b>(627,266)</b>	<b>893,494</b>
45,047	0	45,047	Police and Crime Commissioner for South Wales	48,827	0	48,827
495	0	495	Community Council Precepts	542	0	542
19,040	0	19,040	Levies & Contributions	21,515	0	21,515
2,150	(4,622)	(2,472)	(Gain)/loss on sale of non-current assets	4,749	(6,150)	(1,401)
<b>66,732</b>	<b>(4,622)</b>	<b>62,110</b>	<b>Other Operating Expenditure</b>	<b>75,633</b>	<b>(6,150)</b>	<b>69,483</b>
34,193	0	34,193	Interest Payable on debt	33,882	0	33,882
22,304	0	22,304	Interest on net defined liability/(asset)	8,365	0	8,365
0	(3,825)	(3,825)	Interest & Investment Income		(6,302)	(6,302)
15,315	(20,815)	(5,500)	Income and Expenditure in relation to Investment Properties and changes in their fair value	15,290	(14,313)	977
0	(63)	(63)	Movement in Financial Instruments	0	(6,440)	(6,440)
<b>71,812</b>	<b>(24,703)</b>	<b>47,109</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>57,537</b>	<b>(27,055)</b>	<b>30,482</b>
0	(114,112)	(114,112)	Recognised Capital Grants & Contributions	0	(146,632)	(146,632)
0	(413,544)	(413,544)	Revenue Support Grant	0	(475,312)	(475,312)
0	(131,182)	(131,182)	Non-Domestic Rates	0	(118,293)	(118,293)
1,520	(248,520)	(247,000)	Council Tax Income	2,833	(262,468)	(259,635)
1,273	0	1,273	Donated Inventories	7,648	0	7,648
374	(37)	337	Tax expenses - Corporation Tax	0	0	0
<b>3,167</b>	<b>(907,395)</b>	<b>(904,228)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>	<b>10,481</b>	<b>(1,002,705)</b>	<b>(992,224)</b>

1,556,985	(1,541,903)	15,082	<b>(Surplus)/Deficit on Provision of Services</b>	1,664,411	(1,663,176)	1,235
		(19,206)	(Surplus)/Deficit on revaluation of non current assets			(42,334)
		20	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			(1,034)
		(726,020)	Remeasurement of the net defined benefit liability/(asset)			(161,282)
		0	Other gains/losses to be included in the Comprehensive Income and Expenditure			0
		(745,206)	<b>Other Comprehensive Income &amp; Expenditure</b>			(204,650)
		(730,124)	<b>Total Comprehensive Income &amp; Expenditure</b>			(203,415)

The 2022/23 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2023/24

## Group Movement in Reserves

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves Council	Unusable Reserves - Group Entities	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022 carried forward</b>	<b>14,255</b>	<b>151,010</b>	<b>15,502</b>	<b>10,587</b>	<b>6,840</b>	<b>6,972</b>	<b>205,166</b>	<b>466,375</b>	<b>8,942</b>	<b>680,483</b>
<b>Movement in Reserves during 2022/23</b>										
Surplus or (deficit) on the provision of Services	(64,723)	0	48,245	0	0	0	(16,478)	0	1,396	(15,082)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	745,206	0	745,206
<b>Total Comprehensive Income and Expenditure</b>	<b>(64,723)</b>	<b>0</b>	<b>48,245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,478)</b>	<b>745,206</b>	<b>1,396</b>	<b>730,124</b>
Adjustments between accounting basis & funding basis under regulations	63,226	0	(46,412)	0	840	0	17,654	(17,654)	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(1,497)</b>	<b>0</b>	<b>1,833</b>	<b>0</b>	<b>840</b>	<b>0</b>	<b>1,176</b>	<b>727,552</b>	<b>1,396</b>	<b>730,124</b>
Transfers to/(from) Earmarked Reserves	1,497	(1,497)	(1,833)	1,833	0	0	0	0	0	0
<b>Increase / (Decrease) in 2022/23</b>	<b>0</b>	<b>(1,497)</b>	<b>0</b>	<b>1,833</b>	<b>840</b>	<b>0</b>	<b>1,176</b>	<b>727,552</b>	<b>1,396</b>	<b>730,124</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>14,255</b>	<b>149,513</b>	<b>15,502</b>	<b>12,420</b>	<b>7,680</b>	<b>6,972</b>	<b>206,342</b>	<b>1,193,927</b>	<b>10,338</b>	<b>1,410,607</b>
<b>Movement in Reserves during 2023/24</b>										
Surplus or (deficit) on the provision of Services	(10,167)	0	7,971	0	0	0	(2,196)	0	961	(1,235)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	204,650	0	204,650
<b>Total Comprehensive Income and Expenditure</b>	<b>(10,167)</b>	<b>0</b>	<b>7,971</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,196)</b>	<b>204,650</b>	<b>961</b>	<b>203,415</b>
Adjustments between accounting basis & funding basis under regulations	(2,183)	0	(13,172)	0	3,183	(2,000)	(14,172)	14,172	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>(12,350)</b>	<b>0</b>	<b>(5,201)</b>	<b>0</b>	<b>3,183</b>	<b>(2,000)</b>	<b>(16,368)</b>	<b>218,822</b>	<b>961</b>	<b>203,415</b>
Transfers to/(from) Earmarked Reserves	12,350	(12,350)	5,201	(5,201)	0	0	0	0	0	0
<b>Increase / (Decrease) in 2023/24</b>	<b>0</b>	<b>(12,350)</b>	<b>0</b>	<b>(5,201)</b>	<b>3,183</b>	<b>(2,000)</b>	<b>(16,368)</b>	<b>218,822</b>	<b>961</b>	<b>203,415</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>14,255</b>	<b>137,163</b>	<b>15,502</b>	<b>7,219</b>	<b>10,863</b>	<b>4,972</b>	<b>189,974</b>	<b>1,412,749</b>	<b>11,299</b>	<b>1,614,022</b>

## Group Balance Sheet

31 March 2023		31 March 2024
£000		£000
2,115,149	Property, Plant & Equipment incl Infrastructure Assets	2,279,286
67,955	Heritage Assets	68,272
167,560	Investment Properties	160,531
1,098	Intangible Non-Current Assets including AUC	872
2,155	Long-term Investments	4,659
11,772	Long-term Debtors	14,348
210	Deferred tax asset	1,977
<b>2,365,899</b>	<b>Total Long-Term Assets</b>	<b>2,529,945</b>
97,248	Short-term Investments	2,491
4,000	Assets Held for Sale	450
10,980	Inventories	3,073
191,228	Short-term Debtors	202,298
66,773	Cash and Cash Equivalents	109,605
<b>370,229</b>	<b>Total Current Assets</b>	<b>317,917</b>
(12,850)	Short-term Borrowing	(23,833)
(141,494)	Short-term Creditors	(159,470)
(1,737)	Pension Strain	(1,065)
(3,945)	Provisions	(4,889)
(3,985)	Deferred Liabilities	(1,745)
<b>(164,011)</b>	<b>Total Current Liabilities</b>	<b>(191,002)</b>
(850,737)	Long Term Borrowing	(867,720)
(25,429)	Provisions	(38,360)
(10,010)	Deferred Liabilities	(12,051)
(8,020)	Revenue Grants Receipts in Advance	(14,340)
(28,715)	Capital Grants Receipts in Advance	(21,223)
(31,296)	Capital Contributions Receipts in Advance	(34,612)
(494)	Pension Strain	(2,283)
(206,809)	Net Pensions Liability	(50,482)
0	Deferred Tax Liability	(1,767)
<b>(1,161,510)</b>	<b>Total Long-Term Liabilities</b>	<b>(1,042,838)</b>
<b>1,410,607</b>	<b>NET ASSETS</b>	<b>1,614,022</b>
	<b>Financed by:</b>	
14,255	Council Fund Balance	14,255
149,513	Council Fund Earmarked Reserves	137,163
15,502	Housing Revenue Account Balance	15,502
12,420	Housing Revenue Account Earmarked Reserves	7,219
7,680	Capital Receipts Reserve	10,863
6,972	Capital Grants Unapplied	4,972
<b>206,342</b>	<b>Usable Reserves</b>	<b>189,974</b>
366,462	Revaluation Reserve	405,496
1,046,902	Capital Adjustment Account	1,068,123
66	Deferred Capital Receipts	66
4,519	Financial Instruments Revaluation Reserve	11,993

(220,374)	Pensions Reserve	(66,164)
(16,978)	Accumulated Absences Adjustment Account	(12,448)
7,961	Donated Inventories	313
15,707	Reserves (Group Entities)	16,669
<b>1,204,265</b>	<b>Unusable Reserves</b>	<b>1,424,048</b>
<b>1,410,607</b>	<b>TOTAL RESERVES</b>	<b>1,614,022</b>

## Group Cash Flow

2022/23		2023/24
£000		£000
15,082	Net (Surplus) /Deficit on the provision of services	1,235
(106,819)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(189,156)
112,564	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities*	153,099
<b>20,827</b>	<b>Net cash flows from operating activities</b>	<b>(34,822)</b>
197,805	Purchase of property, plant and equipment, investment property and intangible assets	264,885
837,720	Purchase of short-term and long-term Investments	789,006
(10,220)	Other payments for investing activities	13,164
(10,115)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,070)
(949,000)	Proceeds from short-term and long-term investments*	(885,442)
(121,623)	Capital Grants and Contributions	(138,938)
<b>(55,433)</b>	<b>Net cash flows from investing activities</b>	<b>36,605</b>
(31,694)	Cash receipts from short-term and long-term borrowing	(43,110)
10,604	Other receipts from financing activities	(4,903)
680	Cash payments for the reduction of outstanding liabilities relating to finance leases	(1,068)
22,770	Repayments of short-term and long-term borrowing	4,466
<b>2,360</b>	<b>Net cash flows from financing activities</b>	<b>(44,615)</b>
<b>(32,246)</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>(42,832)</b>
34,527	Cash and cash equivalents at the beginning of the reporting period	66,773
<b>66,773</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>109,605</b>

\*In 2022/23 there has been an adjustment in cash movements due to the reclassification of investment income within the Cashflow Statement only (£949,000).

## Notes to Group Accounts

The following notes to the Group Accounts provide additional information in relation to Cardiff Bus. Further information can be found in the accounts of Cardiff City Transport Services Ltd (Cardiff Bus) company number 02001229.

### 1. Remuneration

The number of Cardiff Bus employees whose remuneration is over £60,000 per annum is disclosed below.

Number of Employees	Remuneration band £	Number of Employees
2022/23		2023/24
0	60,000-69,999	0
0	70,000-74,999	0
1	75,000-79,999	0
3	80,000-84,999	1
0	85,000-89,999	2
0	90,000-139,999	0
1	140,000-144,999	1
<b>5</b>	<b>Total</b>	<b>4</b>

### 2. Related Parties Disclosures

Related party transactions and balances of the group are as contained in note 10 to the single entity financial statements. Cardiff Bus have separately recognised related party transactions between itself and the Council, and also between itself and its own subsidiary, but not between itself and any other organisations.

### 3. Exceptional Items

There are no exceptional items included in the Group Accounts.

### 4. Financial Instruments

In addition to the financial instrument disclosures in the single entity accounts it should be noted that the Council's shareholding in Cardiff Bus ceases to be a financial instrument, as the group balance sheet includes the net assets of the subsidiary and their corresponding net worth.

### 5. Prior Period Adjustment

There are no prior period adjustments.



# Trust Funds



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## **Trust Funds**

During 2023/24, the Corporate Director Resources had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it. Separate financial statements are produced for each, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners.

The charities are managed, and expenditure is approved in accordance with criteria set out in the governing document of each one.

The Council is the sole trustee of the following charities, the purposes of which are outlined below. Numbers in brackets are the charity registration numbers.

**Llandaff War Memorial Fund** (219060) – Upkeep of the war memorial at Llandaff.

**Maindy Park Foundation** (524137) – Recreation or other leisure-time occupation for the benefit of the inhabitants of the City of Cardiff with the object of improving the conditions of life for those inhabitants.

**Cardiff Further Education Trust Fund/Craddock Wells Trust** (525512) – Provision of premises for educational purposes and grants to eligible students. The property provided by the trust includes part of the Cardiff High School site and 28 The Parade.

**Heath Public Recreation or Pleasure Ground** (524135) – Land is held as a public recreation and pleasure ground. There are no balances or income and expenditure for this trust.

**King George's Field the Heath** (1140393) – Land to be used to provide a public playing field. There are no balances or income and expenditure for this trust.

**Playing Field** (524139) – Land is held for educational use. There are no balances or income and expenditure for this trust.

The accounts for the Cardiff Further Education Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2024 have yet to be examined.

The Council administers the following charities, the purposes of which are outlined below:

**R Fice Memorial Trust** (702695) – Provide financial assistance to those playing brass instruments.

**The Howardian Trust** (1019801) – Provide financial support to young people in the former catchment area of Howardian High School.

A financial summary, where relevant, for each fund follows.

	Balance as at 31 March 2023 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2024 £
<b>Funds for which the Council is Sole Trustee</b>					
Llandaff War Memorial Fund	(1,444)	(108)	11	0	(1,541)
Maindy Park Foundation	(81,032)	(3,782)	11	0	(84,803)
Cardiff Further Education Trust/Craddock Wells *	(24,769,885)	(196,834)	34,973	14,455,181	(10,476,565)
<b>Total funds for which the Council is Sole Trustee</b>	<b>(24,852,361)</b>	<b>(200,724)</b>	<b>34,995</b>	<b>14,455,181</b>	<b>(10,562,909)</b>
<b>Funds administered by the Council</b>					
R Fice Memorial Trust	(60,138)	(2,336)	2,173	(973)	(61,274)
The Howardian Trust	(38,015)	(1,388)	0	(308)	(39,711)
<b>Total funds which are administered by the Council</b>	<b>(98,153)</b>	<b>(3,724)</b>	<b>2,173</b>	<b>(1,281)</b>	<b>(100,985)</b>
<b>Total</b>	<b>(24,950,514)</b>	<b>(204,448)</b>	<b>37,168</b>	<b>14,453,900</b>	<b>(10,663,894)</b>

\*A valuation for accounting purposes of the Trusts share of interest in the site at Llandennis Road (Cardiff High School site) and its full interest in 28 The Parade was undertaken at 31 March 2024. The reduction in the overall valuation reflects confirmation of the actual area of interest of the Trust in the Llandennis Road site is 3.01 acres, as confirmed in a deed of exchange approved by the Charity Commission in March 1980.

There will be differences in the income and expenditure figures quoted above compared to those included in the return to the Charity Commission. The figures above are calculated on an accruals basis whereas the returns are calculated on a cash basis.



# Cardiff Harbour Authority



STRONGER  
FAIRER  
GREENER



## ***Narrative Report***

This document presents the Statement of Accounts for Cardiff Harbour Authority. Section 42(1) of the Harbours Act 1964 sets out that statutory undertakings, such as local authorities that have functions of maintaining, improving or managing a harbour are required to prepare an annual statement of accounts relating to the harbour activities. The financial statements that follow are an extract from the accounts of the County Council of the City and County of Cardiff and have been prepared in line with International Financial Reporting Standards (IFRS) as well as the requirements of the Companies Act 2006. This narrative report replaces the Director's report required by the Companies Act 2006.

### **Annual Governance Statement**

The Harbour Authority is not a separate entity to the Council and the financial transactions and systems, governance and controls of the Harbour Authority are integrated into those of the Council.

### **Agreement**

By an Agreement dated 27 March 2000 made pursuant to and for the purposes of section 165 of the Local Government Planning and Land Act 1980 (as amended), the Council agreed to take responsibility for and to discharge the Harbour Authority undertaking and obligations in regard to the bay and the outer Harbour, under the terms of the Cardiff Bay Barrage Act 1993. The Agreement has been varied by a number of Deeds of Variation between the Welsh Ministers and Council, with the latest dated 9 June 2023.

### **Review of the Financial Year**

For the financial year 2023/24, the Council worked with the Welsh Government to identify budget pressures in respect of materials, external contractor costs and income agreements. The Welsh Government agreed Fixed Costs funding of £5.621 million and Asset Renewal of £457,000, resulting in a total approved budget of £6.078 million.

The outturn position included underspends on facilities management, barrage maintenance and environmental costs, offset by income shortfalls on events, aqua park and the water activity centre.

The financial deficit after accounting adjustments for the year ended 31 March 2024 was £2.514 million (£2.683 million in 2022/23).

Total capital expenditure incurred during the year was £436,000 and included purchase and installation of boardwalk decking at three locations and upgrading water quality equipment.

### **Key Achievements**

The Harbour Authority action plan and performance indicators, which form part of the Business Plan, reported to the Welsh Government include:

- In its sixth year, the collaborative award winning water safety project Just Jump welcomed 871 school pupils to experience the hard hitting live performance which warns of the dangers of swimming and tombstoning in the Bay as well as participation in workshops.
- Three Green Flag Awards were retained for the : Barrage, Cardiff Bay Wetlands and Flat Holm Island
- ISO14001 audit was demonstrating excellent environmental management.
- 440 tonnes of waste were removed from the rivers and safely disposed throughout the year, 90 tonnes more than last year.
- 11 separate litter picking events took place with 206 volunteers.

- There were 71,114 Cardiff Bay Wetlands users.
- 1,034,836 Barrage users throughout the year.
- 28,058 Social Media followers across the Cardiff Harbour managed Facebook, Twitter and Instagram accounts a 2,078 increase on 2022/23.
- Successful high profile 4 four-day music event on Alexandra Head in September 2023 with 32,995 attendees.
- 99% Dissolved Oxygen Compliance across the year.
- Barrage teams supported the delivery of the Cardiff Half Marathon and other events.
- Commencement of PhD studentship with Cardiff University and the Water Research Institute to investigate environmental challenges to Cardiff Bay to inform the future need for the aeration system.

## ***Guide to the Financial Statements***

The main statements provided are shown in the pages that follow along with supporting notes. Cash flows of the Harbour Authority are integrated with those of the Council. A Cash Flow Statement has not been provided, in accordance with Section 396 of the Companies Act 2006.

### **Comprehensive Income and Expenditure Statement**

Provides information on how the Harbour Authority has performed throughout the year and as a result, whether or not their operations have resulted in a surplus or a deficit. The Harbour Authority has operated within budget but statutory adjustments including capital charges are the reason the Comprehensive Income and Expenditure Statement is showing a deficit.

### **Balance Sheet**

Provides a 'snapshot' of the Harbour Authority's assets, liabilities, cash balances and reserves at the year-end date.

## ***Statement of Responsibilities for the Financial Statements and Corporate Director Resources Certificate***

### ***The Corporate Director Resources Responsibilities***

The Corporate Director Resources is responsible for the preparation of the Statement of Accounts in accordance with the requirements of the Harbours Act 1964.

In preparing these financial statements, the Corporate Director Resources has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts.
- made judgements and estimates that were reasonable and prudent.

The Corporate Director Resources has also:

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

### ***The Corporate Director Resources Certificate***

The financial statements for the Cardiff Harbour Authority give a true and fair view of its income and expenditure for the financial year 2023/24 and financial position of the Harbour Authority at 31 March 2024.



**Christopher Lee**  
**Corporate Director Resources**

**Date:** 28 November 2024

# ***The Independent Auditor's Report of the Auditor General for Wales to those charged with governance of Cardiff Harbour Authority***

## **Opinion on financial statements**

I have audited the financial statements of Cardiff Harbour Authority for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

The Cardiff Harbour Authority's financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards (IFRSs).

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

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards.

## **Basis of opinion**

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

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

## **Conclusions relating to going concern**

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

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

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

## **Other Information**

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material

misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and related notes.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of Cardiff Harbour Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report.

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

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

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Cardiff Harbour Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Cardiff Harbour Authority will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to Cardiff Harbour Authority's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals;
  - obtaining an understanding of Cardiff Harbour Authority's framework of authority as well as other legal and regulatory frameworks that Cardiff Harbour Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff Harbour Authority; and
  - obtaining an understanding of related party relationships

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

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

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

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

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

### **Other auditor's responsibilities**

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

### **Certificate of completion of audit**

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



Adrian Crompton Auditor  
General for Wales  
29 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

## ***Accounting policies used when formulating the accounts***

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Harbour Authority's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). A number of the accounting policies used in preparing these accounts, along with any critical assumptions and sources of estimation used are the same as those for the accounts of the Council. Whilst these are not replicated in full, the key policies applied are below:

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

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. Where income 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. There is a de minimis threshold of £500 under which income and expenditure may not be accrued.

### ***2. Employee Benefits Payable during Employment***

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis within the Employees expenditure line in the Comprehensive Income and Expenditure Statement.

### ***3. Grants and Contributions***

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Authority will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

### **Revenue**

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to Income in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

### **Capital**

Grants and contributions that are applied in the year to fund capital schemes are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement. Where a specific Capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a Creditor.

### ***4. Inventories***

Inventories are measured and held at the lower of cost or net realisable value. When such inventories are sold, exchanged or distributed, the carrying amount is recognised as expenditure.

## 5 Overheads and Support Services Costs

Cardiff Council makes recharges in respect of the cost of support services to the Harbour Authority. The total absorption costing principle is used so that the full cost of overheads and support services are shared between users in proportion to the benefits received.

## 6 Non-Current Assets

### Property, Plant, Equipment

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely, those used for the promotion of culture and knowledge and those expected to be used during more than one financial year.

### Investment Properties

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet Investment property criteria.

### Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

### Recognition:

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

The Harbour Authority recognises heritage assets where it may have incurred separately identifiable expenditure on their acquisition or preservation at historic cost or where it has information on the value of the asset.

Once assets have fully depreciated, they are reviewed in terms of materiality, and if necessary, disposed of and the carrying value removed from the asset register.

### Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. These assets are then carried in the Balance Sheet using the following measurement bases:

Asset Type	Measurement	Range of Remaining Useful Lives
Assets under Construction	Depreciated Historical Cost	n/a
Buildings	Existing Use or Depreciated Replacement Cost	9-89
Community Assets	Depreciated Historical Cost	n/a
Heritage Assets	Historic Cost and only measured at fair value where the benefits of doing so outweigh the costs	n/a
Infrastructure **	Depreciated Historical Cost	1-116

Asset Type	Measurement	Range of Remaining Useful Lives
Intangible Assets	Amortised Historical Cost	2-6
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	1-13

\* Included within Infrastructure is the Cardiff Bay Barrage which is being depreciated over the design life of 120 years.

### Revaluations:

Land and buildings revaluations are undertaken on a minimum three yearly rolling programme.

Investment Properties and Surplus Assets are reviewed annually for any material changes as a result of the overall Market with a formal revaluation of Investment properties at least every two 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 expenditure.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only; the date of its formal implementation.

### Charges to Revenue for Non-Current Assets:

The Capital charges line on the Harbour Authority Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding assets during the year:

- depreciation attributable to the assets
- impairment and revaluation losses on assets where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Harbour Authority does not receive grants for depreciation or any other accounting adjustments for non-current assets.

### Impairment and Downward Revaluation:

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired in value, either due to a significant reduction in service potential or significant permanent market value reduction. Where a material change in value is identified, the accounting treatment is as follows:

- where there is 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
- thereafter, or if there is no balance in the Revaluation Reserve, 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 Capital charges line 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 an allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land, heritage and community assets) as well as assets that are not yet available for use (i.e., assets under construction).

## 7. *Reserves*

The Harbour Authority holds a general reserve for accumulated operational surpluses and deficits and a revaluation reserve to manage the accounting processes for non-current assets.

## 8. *Value Added Tax*

The Harbour Authority does not have a separate VAT registration to the Council and apart from certain cases where the Harbour Authority funds supplies of goods or services to other persons or organisations, the Harbour Authority is reimbursed for VAT. These accounts have been prepared exclusive of VAT, except where deemed irrecoverable.

## Comprehensive Income and Expenditure Statement

2022/23		2023/24
£000		£000
	<b>Expenditure</b>	
3,121	Employees	2,826
1,357	Premises	1,741
129	Transport	124
2,165	Supplies and Services	1,693
384	Support Services	404
5	Third Party Payments	4
2,844	Capital Charges	2,912
<b>10,005</b>	<b>Total Expenditure</b>	<b>9,704</b>
	<b>Income</b>	
(5,673)	Government Grants	(5,619)
(460)	Capital Grants Applied	(436)
(1,189)	Fees and Charges	(1,135)
<b>(7,322)</b>	<b>Total Income</b>	<b>(7,190)</b>
<b>2,683</b>	<b>Net Expenditure for the Year</b>	<b>2,514</b>

## Balance Sheet

31 March 2023		Note	31 March 2024
£000			£000
159,989	Property, Plant and Equipment incl Infrastructure Assets	2	157,567
56	Heritage Assets	2	56
249	Intangible Assets	2	195
425	Investment Properties	2	445
<b>160,719</b>	<b>Total Long Term Assets</b>		<b>158,263</b>
444	Inventory	3	444
137	Debtors	4	0
(399)	Cash		(720)
<b>182</b>	<b>Total Current Assets</b>		<b>(276)</b>
(1,275)	Creditors	5	(875)
<b>(1,275)</b>	<b>Total Current Liabilities</b>		<b>(875)</b>
<b>159,626</b>	<b>Net Assets</b>		<b>157,112</b>
	<b>Funded by:</b>		
148,206	General Reserve	1	145,692
11,420	Revaluation Reserve	1	11,420
<b>159,626</b>	<b>Total Reserves</b>		<b>157,112</b>

## Notes to the Financial Statements

### 1. Reserves

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £133,000 as at 31 March 2024 (£130,000 as at 31 March 2023).

2022/23			2023/24	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
150,889	11,338	Balance as at 1 April	148,206	11,420
(2,683)	82	Movements in Reserves	(2,514)	0
148,206	11,420	Balance as at 31 March	145,692	11,420

### 2. Movements in Property, Plant, Equipment & Other Long-Term Assets

Long term assets are primarily Property, Plant and Equipment, with movements analysed in the table that follows.

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets under construction	Total Property, Plant & Equipment	Investment Properties	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2022</b>	<b>13,109</b>	<b>1,719</b>	<b>1,103</b>	<b>43</b>	<b>105</b>	<b>16,079</b>	<b>483</b>	<b>56</b>	<b>168</b>
Additions	0	(17)	0	0	434	417	0	0	180
Revaluations Increases/(Decreases) recognised in the RR	36	0	0	0	0	36	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	18	0	0	0	0	18	(58)	0	0
Derecognition - Disposals	0	(161)	0	0	0	(161)	0	0	0
Other Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>13,163</b>	<b>1,541</b>	<b>1,103</b>	<b>43</b>	<b>539</b>	<b>16,389</b>	<b>425</b>	<b>56</b>	<b>348</b>
Additions	0	103	0	0	142	245	0	0	0
Revaluations Increases/(Decreases) recognised in the RR	0	0	0	0	0	0	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	0	0	0	0	0	0	20	0	0
Derecognition - Disposals	0	(330)	0	0	0	(330)	0	0	0
Other Reclassifications - Transfers	0	0	0	0	(681)	(681)	0	0	0
<b>At 31 March 2024</b>	<b>13,163</b>	<b>1,314</b>	<b>1,103</b>	<b>43</b>	<b>0</b>	<b>15,623</b>	<b>445</b>	<b>56</b>	<b>348</b>
<b>Movements in Depreciation/Impairment</b>									
<b>1 April 2022</b>	<b>225</b>	<b>863</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,088</b>	<b>0</b>	<b>0</b>	<b>45</b>
Depreciation Charge	228	181	0	0	0	409	0	0	54

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets under construction	Total Property, Plant & Equipment	Investment Properties	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation written out to the RR	(47)	0	0	0	0	(47)	0	0	0
Depreciation written out to the SDPS	(17)	0	0	0	0	(17)	0	0	0
Derecognition - Disposals	0	(161)	0	0	0	(161)	0	0	0
<b>At 31 March 2023</b>	<b>389</b>	<b>883</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,272</b>	<b>0</b>	<b>0</b>	<b>99</b>
Depreciation Charge	228	149	0	0	0	377	0	0	54
Depreciation written out to the RR	0	0	0	0	0	0	0	0	0
Depreciation written out to the SDPS	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	(330)	0	0	0	(330)	0	0	0
<b>At 31 March 2024</b>	<b>617</b>	<b>702</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,319</b>	<b>0</b>	<b>0</b>	<b>153</b>
<b>Net Book Value:</b>									
<b>At 31 March 2023</b>	<b>12,774</b>	<b>658</b>	<b>1,103</b>	<b>43</b>	<b>539</b>	<b>15,117</b>	<b>425</b>	<b>56</b>	<b>249</b>
<b>At 31 March 2024</b>	<b>12,546</b>	<b>612</b>	<b>1,103</b>	<b>43</b>	<b>0</b>	<b>14,304</b>	<b>445</b>	<b>56</b>	<b>195</b>

2022/23	Net Book Value	2023/24
144,872	Infrastructure Assets	143,263
15,117	Other PPE Assets	14,304
425	Investment Properties	445
56	Heritage Assets	56
249	Intangible Assets	195
<b>160,719</b>	<b>Total Assets</b>	<b>158,263</b>

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

As detailed in the revised guidance applicable to all authorities, the authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

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

The Infrastructure Assets Net Book Value is as follows:

2022/23 £000	Infrastructure Assets	2023/24 £000
147,313	Net Book Value at 1 April	144,872
(26)	Additions	190
(2,415)	Depreciation	(2,480)
0	Other movements in cost (Reclassification)	681
144,872	Net Book Value at 31 March	143,263

### 3. Inventory

31 March 2023 £000		31 March 2024 £000
437	Balance as at 1 April	444
7	Stock adjustment	0
444	Balance as at 31 March	444

### 4. Debtors

31 March 2023 £000		31 March 2024 £000
90	Central Government Bodies	0
47	Trade Receivables	0
137	Total Debtors	0

### 5. Creditors

31 March 2023 £000		31 March 2024 £000
(35)	Central Government Bodies	(24)
(1,240)	Trade Payables	(851)
(1,275)	Total Creditors	(875)



# Glossary of Accounting Terms



STRONGER  
FAIRER  
GREENER



*Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:*

**Accruals Basis**

The accruals principle is that income is recorded when the goods or services are provided rather than when the payment is received, and expenses are recorded when goods or services are received rather than when the payment is made.

**Actuarial Gains and Losses**

For a defined benefit pension's scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation, or the actuarial assumptions have changed.

**Agency Services**

The provision of services or functions, which are the responsibility of one Authority or public body, by another. The policy and financial resources are set by the principal Authority and implemented by the agent Authority.

**Assets Held for Sale**

Assets meeting all the criteria of: - immediately available for sale, where the sale is highly probable, actively marketed and expected to be sold within 12 months.

**Asset under Construction**

An asset that is not yet complete.

**Borrowing**

Loans taken out taken out by the Council to pay for capital expenditure or for the prudent management of the Council's financial affairs.

**Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital Expenditure**

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

### **Capital Financing Requirement**

A Council's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed by the receipt of grants, contributions and charges to the revenue account via a prudent minimum revenue provision.

### **Capital Receipts**

Income from the sale of capital assets that can be used to fund new capital expenditure schemes or reduce the underlying need to borrow. Capital receipts cannot be used to fund revenue expenditure, unless they relate to the costs of securing disposal or where a ministerial permission allows.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

### **Cash and Cash Equivalents**

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### **Chartered Institute of Public Finance & Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

### **Community Assets**

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

### **Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

### **Council Dwellings**

Flats and Houses owned by the Council as part of its Housing Revenue Account and provided at an affordable level of rent which is lower than market rent.

### **Council Fund Balance**

The Council Fund Balance represents the cumulative retained surpluses on the Council's revenue budget. It provides a working balance which can be used to cushion the Council against unexpected events or emergencies. It is reviewed annually to ensure it remains at an appropriate level.

**Credit Criteria**

The parameters used as a starting point in considering with whom the Council may place investments, aimed at ensuring the security of the sums invested.

**Credit Rating**

A credit rating assesses the credit worthiness of an individual, corporation or country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

**Creditors**

Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

**Current Service Cost (Pensions)**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e., the ultimate pension benefits "earned" by employees in the current year's employment.

**Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

**Curtailement (Pensions)**

For a defined benefit pension scheme an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

**Debtors**

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place.

**Defined Benefit Scheme (Pensions)**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Defined Contribution Scheme (Pensions)**

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Depreciation/Impairment/Amortisation**

A charge made to the Comprehensive Income and Expenditure Statement to reflect an estimate of the use or consumption of non-current assets in the year in the provision of Council services.

**De-recognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Direct Revenue Financing**

The amount of revenue funding in the year used to pay for capital expenditure incurred.

**Earmarked Reserves**

Amounts set aside to be used to meet specific, known or predicted future expenditure.

**External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

**Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

**Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**Housing Revenue Account (HRA)**

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the Council Fund.

**Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value or recoverability and evidence of obsolescence or physical damage to the asset.

**Infrastructure Assets**

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

**Intangible Assets**

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Investment Properties**

Investment properties are those held solely to earn rentals and/or for capital appreciation such as; ground leases, land held for future development as strategic sites and other land and buildings that meet Investment property criteria.

**Investments**

The purchase of financial assets in order to hold temporary cash balances, receive income and/or make capital gain at a future time.

**Joint Committee**

An arrangement whereby two or more local authorities collaborate to exercise executive functions by setting up a separate sub committee to deliver services.

**Lender Option Borrower Option Loans (LOBOs)**

Loans to the Council where the lender can request a change in the rate of interest payable by the Council at pre-defined dates and intervals. The council at this point has the option to repay the loan.

**Levy**

An amount of money which a Local Authority is required to collect on behalf of another organisation.

**Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

**Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

**Market Loans**

Borrowing that is sourced from the market i.e., organisations other than the Public Works Loan Board or a Public Body.

**Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

**Non-domestic rates (NDR)**

A levy on businesses collected by billing Authorities, on behalf of the Welsh Government, and paid into an All Wales Pool. The Pool is then redistributed amongst all Welsh Authorities on the basis of population.

**Operating Lease**

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

**Pension Fund**

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

**Precept**

A demand levied by one public Authority, which is collected on its behalf by another Authority.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Projected Unit Method (Pensions)**

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service

**Property, Plant and Equipment (PPE)**

Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

**Prudential Code for Capital Finance**

The system introduced on 1 April 2004 by Part 1 of the Local Government Act 2003 which allows local Authorities to borrow without Government consent, provided that they can afford to service the debt from their own resources and that any such borrowing is prudent and sustainable. This requires the preparation and approval of various indicators.

**Prudent Revenue Provision (PRP)**

An amount set aside as a provision each year to repay loans taken out to pay for capital expenditure. This has the effect of reducing the Capital Financing Requirement (CFR).

**Public Works Loan Board (PWLB)**

The Public Works Loan Board is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local Authorities and other prescribed bodies, and to collect the repayments.

**Recharge**

An internal charge for services rendered by one Council directorate or section to another.

**Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

**Reserves**

Reserves are amounts set aside for future use (usable) or required for accounting purposes only (unusable). Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) maintained as a matter of prudence.

**Revaluation Reserve**

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

**Revenue Expenditure funded from Capital under Statute (REFCUS)**

Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Council e.g., house renovation grants to private individuals or revenue expenditure which would normally be charged to the revenue account, but which can be charged to capital following approval by the Welsh Government.

**Revenue Support Grant**

General government grant in support of local Authority services. It seeks to even out the effects on the council taxpayer of differences in needs between Authorities.

**Settlement (Pensions)**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.

**Surplus Assets**

Assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties or Assets Held for Sale.

### **Supported Borrowing**

Costs of servicing borrowing are included within the annual Revenue Support Grant and any specific grant that the Council receives from Welsh Government

### **Term Deposits**

A term deposit is a money deposit at a banking institution that cannot be withdrawn for a certain "term" or period of time.

### **Treasury Management**

The process by which the Council controls its cash flow, borrowing, investment and lending activities.

### **Trust Funds**

Funds held in trust which are administered by the Council.

### **Unsupported Borrowing**

Costs of servicing borrowing to be met from Council tax, rent, savings, incidental external income or from the proceeds of selling identified assets.