



Statement of Accounts 2021/22



The County Council of the City and County of Cardiff

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Narrative Report by Council's Statutory Finance Officer



Introduction

This report presents the 2021/22 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 2021/22.

Our City

Cardiff is the Capital City of Wales, covering an area of 140 square kilometres. It has a population of 369,000 living in approximately 162,000 homes. It is an economic, cultural and political capital city. 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.

Children and young people are at the heart of plans as we work toward becoming a UNICEF Child Friendly City, with new schools delivered across the city and performance amongst the highest in Wales and significant progress in supporting young people thrive after leaving school. The latest Estyn inspection report recognised the "bold and ambitious vision for learners", the work undertaken to make "education everyone's business in Cardiff" and the excellent service being delivered.

As well as delivering new schools, the City has one of the UK's most ambitious Council house-building programmes and is expanding on the Metro plans for new tram-train routes and stations across the city and 15 kilometres of new cycleways have either been delivered or are under construction

Our work to support the Cardiff economy has ensured that it continues to deliver opportunities for the people of Cardiff and the wider region. The Council has declared a Climate Emergency, recognising the conclusions of the Intergovernmental Panel on Climate Change and aims to be a Carbon Neutral City by 2030.

In response to the Covid 19 pandemic, a series of short, medium and long-term strategies to support service delivery and the city economy's transition from lockdown to long-term city renewals are in place. The pandemic has led to changes in the economy, in the way in which people live, work and travel in and the way in which services are received and delivered. As part of the recovery and renewal programme, a focus remains on how the city responds to the economic crisis and the long-term shifts caused by the pandemic in order to build a stronger, more inclusive and sustainable post-pandemic economy.

During the past ten years, the Council has identified over £200 million in cumulative savings. Looking ahead, the Council must close a budget gap of £69 million over the next four years. In the medium term, the amount of funding available for 'non-statutory' services like parks, libraries or elements of waste

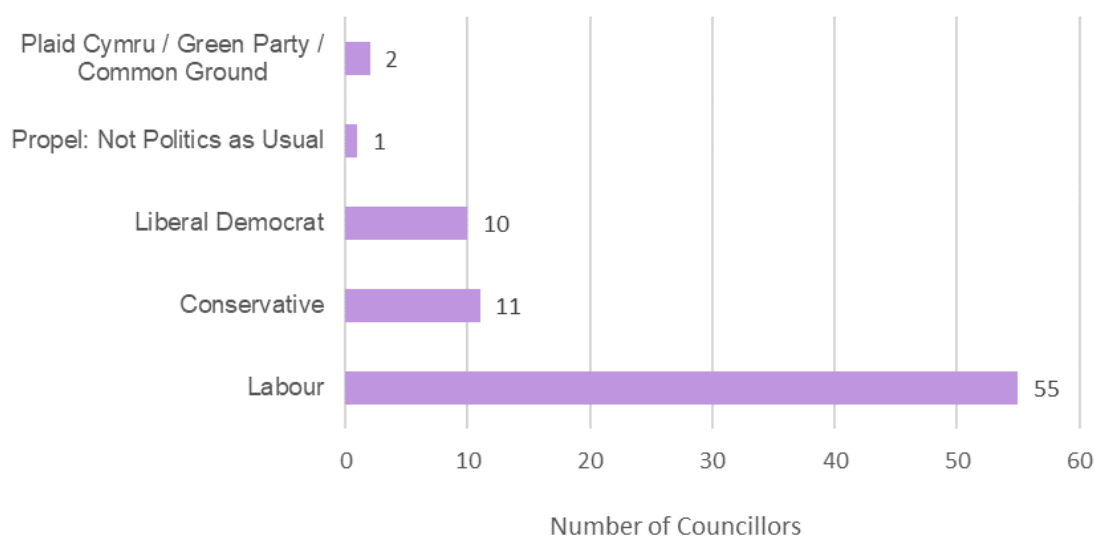
collection will make their continued delivery very challenging. This will form the backdrop to public service delivery as the City responds to the realities of an uncertain geopolitical and post pandemic world to deliver its agenda for the city.

[Budget Proposals 2023 - 2024 : Cardiff Council \(modern.gov.co.uk\)](https://modern.gov.co.uk)

Our Democracy

Following the Local Government Elections in May 2022, the Council has 79 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework. This is an increase of 4 members following a boundary review.

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 (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.

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

Our Capital Ambition

The Council, through its Capital Ambition, explains how it 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.

Its four priorities are driven by the ambition to maintain momentum in city regeneration and economic development, tackle inequality and inclusive growth, and respond to the climate emergency and public service reform.



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.

The plans set out how we will continue to invest in and improve our schools, build more affordable housing, tackle homelessness, and protect the city's most vulnerable people. The Council has bold plans for tackling congestion and air pollution, improving recycling rates and keeping our streets clean, together with a series of commitments, which will help change the lives of people in the city for the better. Further detail is available on the Council's website.

Impact of Covid-19

The Council led a city-wide response to the pandemic and, whilst the public health crisis brought with it unprecedented challenges, it also brought out the best in the city, its communities and those who work on their behalf. Joint working with our partners across the public services has been taken to another level as we worked together to deliver the highly effective Test, Trace, Protect Service and a mass vaccination programme, at speed, to save lives. With the move through the various Covid-19 alert levels, and the spread of the more contagious Omicron variant of Covid-19, it was crucial to continue to follow public health guidance, remain alert to Covid-19 symptoms and to be ready to take appropriate action. To mitigate any potential impacts on frontline services, the council continued work with our public health colleagues to deliver the booster vaccine programme, support widespread testing and implement a strong set of workplace risk assessments.

Even at lower alert levels, the Council continued to grapple with significant service delivery challenges. The number of staff who needed to self-isolate represented an ongoing challenge, whilst national labour market challenges compounded these issues for a number of specific services such as waste management. It was clear that the easing of Covid-19 restrictions did not signal the end of the crisis, but a next phase of pandemic management. There were early indicators of the 'long-tail' of the pandemic, where the impact of Covid-19 over the past two years would translate into heightened demand for many Council services, introducing new delivery challenges and financial pressures.

As well as being a devastating public health crisis, Covid-19 has brought significant economic hardship to bear, particularly on the poorest and most vulnerable. The Recovery and Renewal programme launched last year recognises the need to re-animate the city centre, protect jobs and support the recovery of key sectors. The effort to support the recovery should also, at every opportunity, seek to create lasting employment opportunities and support the transition to net zero.

The Covid-19 pandemic continued to have a significant financial impact on the Council. This is evidenced through both additional expenditure pressures and reduced income across services during 2021/22. In recognition of these pressures being experienced by local authorities, Welsh Government continued to make available a Covid-19 general Hardship Fund with £34.389 million of additional expenditure and £14.011 million of lost income claimed from the Hardship Fund by the Council in the year. Further information of the financial impact of Covid-19 on the Council's financial outturn position compared to the budget for 2021/22 can be found [here](#).

Our Performance

The Well-being 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 Well-being 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 is normally considered by Cabinet and Council in July each year, however, following the Local Government Election in May and the appointment of new Committee Members, the Annual Wellbeing Report for 2021/22 will be formally considered in October 2022.

[Cardiff Council \(modern.gov.co.uk\)](http://modern.gov.co.uk)

Our Governance, 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.

[Managing the Council’s finances \(cardiff.gov.uk\)](http://cardiff.gov.uk)

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 continued to adapt its governance arrangements during 2021/22 as a result of the impact of Covid-19, with changes including:

- Adaptations to reflect new ways of working and priority emergency arrangements
- Changes to ‘business as usual’ activities, including cessation or reduced frequency or scale of activities

- Longer-term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the stakeholders of the Council and users of services

The budget is reviewed on a rolling basis, with updates to key variables and emerging pressures considered by Cabinet during the year prior to updating of the budget each year at Council in line with regulatory requirements. Since March, and the invasion of Ukraine, inflation remains elevated arising from increases in prices of goods, services and energy, with interest rates also rising from historic lows.

The AGS will set out how Covid-19 continues to impact on governance and systems of internal control using a risk based and proportionate approach, particularly where some of the usual sources of assurance may be more limited than in previous years.

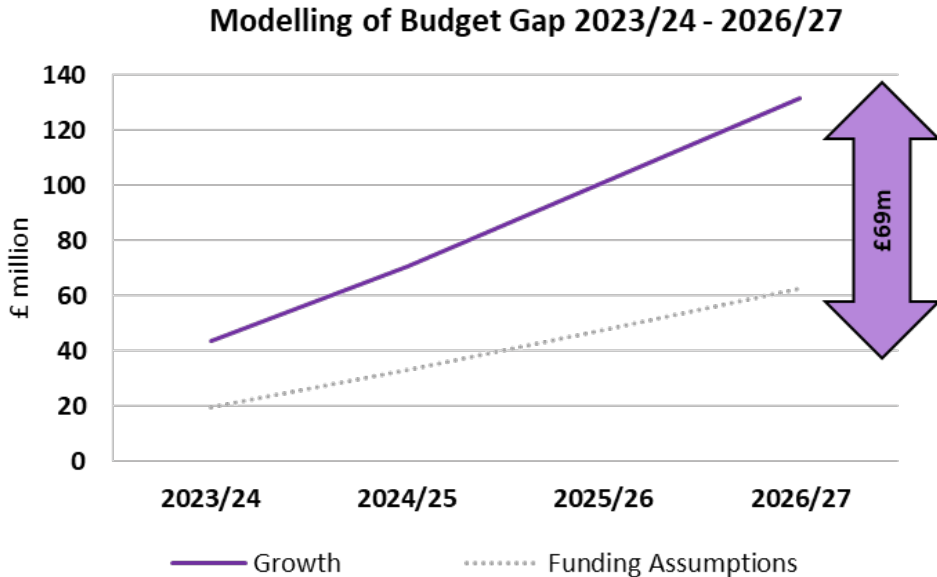
The 2020/21 financial year was a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code, with a goal to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 as well as wider geopolitical and economic factors continued to test that financial resilience in 2021/22. Following the formal adoption of the CIPFA Financial Management (FM) Code in 2021/22 the approach to compliance with the FM Code will be covered in the AGS identifying any identified areas for improvement or change with associated timescales.

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, review and reporting. Over the course of the year, many risks have been progressed and appropriately mitigated through the above mechanisms. At 31 March 2022, there are nine corporate risks at a 'red' residual risk status i.e. major or significant consequence is likely without further mitigation.

Climate Change and Energy Security
Failure 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.
City Security
Major security-related incident in the city as a result of international or domestic terrorism.
Coastal Erosion
The risk of a breach of current coastal defence measures resulting in widespread flooding.
Air Quality & Clean Air
The risk that 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 the city.
Welfare Reform
The risk that the Council cannot meet its statutory obligations placed upon it by the Welfare Reform including Universal Credit, Benefit Cap reductions, and size restrictions for social tenants.

Impact of Brexit
The risk that Brexit (and any subsequent decisions) will create severe disruption to the city and hinder its ability to continue to deliver effective services and maintain community cohesion.
Waste Management
Failure to deliver cost effective compliance with waste legislation including statutory recycling targets.
Increase in Demand (Children’s Services)
Failure to effectively manage demand (and respond to increasing demand due to Covid-19) resulting in an increase in the number of children requiring services and the financial pressures this presents
Cyber Security
Monitoring - risk of an inability to assess how and when systems are being used, leading to an ineffective response to deliberate attacks or accidental user activity. Secure Configuration – the increased risk from malware and ransomware. Corporate Cloud Security - risk of weaknesses in externally hosted services.

Funding 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. Despite a 10.7% increase and better than anticipated Local Government Settlement in 2022/23, a budget gap of £69 million between 2023/24 and 2026/27 was forecast as part of the medium-term financial plan approved in March 2022.



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, Looked after Children and Pupil numbers.

A range of options have been considered in order to address budget gaps in 2022/23 and future years including continuing to review and challenge all directorate budgets for productivity savings; maximising opportunities for digital transformation and to work across directorates and in partnership with other organisations; maximising income streams and exploring the potential for new income streams, particularly where services are not universal; and considering the level at which it is affordable to continue to subsidise services of a more discretionary nature.

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; to address air quality; economic regeneration and for sustainable travel schemes. The five-year investment plan will require a significant increase in borrowing and confirmation of the approach to generating a significantly enhanced level of asset disposals in order to help pay for investment.

Further details of the Council's budget for 2022/23 and Medium Term are available on the Council's website [Budget Proposals 2022/2023](#) and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account 2022/23 Budget and MTFP
- Capital Strategy 2022/23
- Treasury Management Strategy
- A financial resilience snapshot which sets out a number of financial indicators and ratios.

Financial Performance 2021/22

The Council's budget for 2021/22 was approved in March 2021. The budget was set against a backdrop of financial uncertainty, significant challenges in funding services and increasing demand for our services. An overall funding gap of £15.594 million in 2021/22 was identified and addressed by a combination of savings measures and a 3.5% Council Tax increase. A net revenue budget of £682.252 million was approved for 2021/22 as well as a Medium Term Financial Plan based on a rolling four-year period from 2022/23 to 2025/25, 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	26,429	26,429	0
Economic Development	8,290	8,236	(54)
Economic Development - Recycling and Neighbourhood Services	30,460	30,460	0
Education & Lifelong Learning	297,392	297,868	476
People & Communities - Housing and Communities	49,727	48,965	(762)
People & Communities – Performance and Partnerships	3,010	2,882	(128)
People & Communities - Social Services - Children's	71,190	71,190	0
People & Communities - Social Services - Adults	119,457	119,336	(121)
Planning, Transport and Environment	6,066	6,066	0
Resources - Governance and Legal Services	6,084	6,514	430
Resources	15,281	15,186	(95)
Directorate Outturn Subtotal	633,386	633,132	(254)
Capital Financing	32,436	32,559	123
General Contingency	3,000	0	(3,000)
Summary Revenue Account inc. Council Tax collection and NDR refunds and Discretionary Relief	13,430	16,561	3,131
Total Council Outturn	682,252	682,252	0

The Council contained its spending within the £682.252 million budget approved for the year, after transfers to and from earmarked reserves. The net directorate position reflected a net underspend of £254,000 and overspends against the Summary Revenue Account and Capital Financing budgets were fully offset by the general contingency budget and a surplus in relation to Council Tax collection. The overall position improved throughout the year, largely due to the receipt of additional external grant funding. This also allowed an increase in the value of existing and creation of new Earmarked Reserves, which will support the Council both in the recovery from the impact of the pandemic and also the financial challenges arising from demand and cost uncertainty.

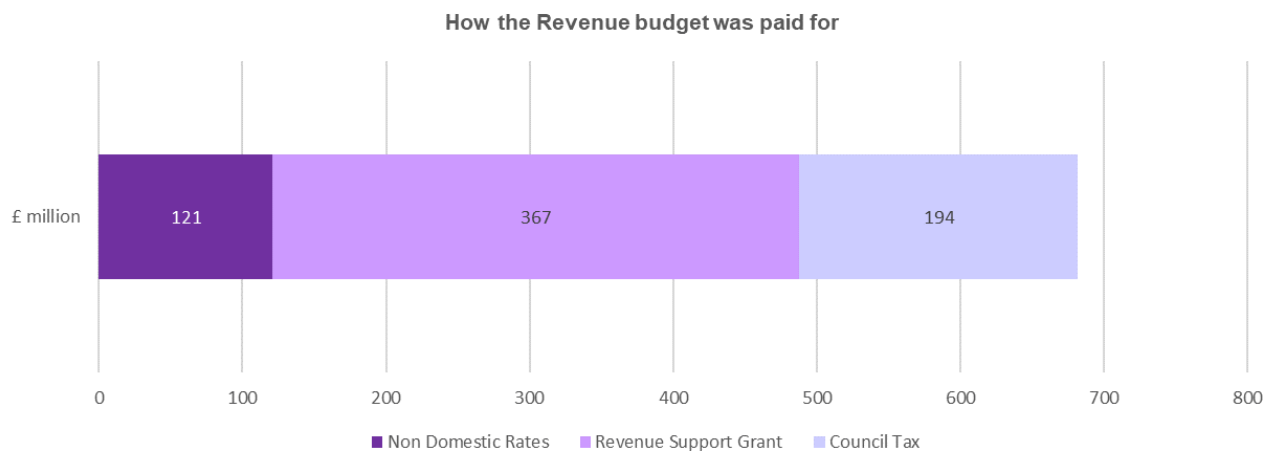
Non-Domestic Rates (NDR) are collected by the Council for Welsh Government based on the value of buildings used in business or for non-domestic purposes and a rate is set annually. The net NDR collectable by Cardiff for 2021/22 totalled £198.777 million of which Cardiff received £121.062 million after redistribution by Welsh Government. The in-year collection rate was 95.11% (85.58% in 2020/21).

[Non-domestic rates \(gov.wales\)](http://gov.wales)

Revenue Support Grant of £373.452 million from Welsh Government was received in the year, with £366.851 utilised in year for the 2021/22 budget. Council Tax collected by the Council includes precepts for the police and community councils and where applicable was passed onto the relevant bodies. Council

Tax income retained by the Council of £194.279 million funds just over a quarter of the Council's net expenditure. The in-year collection rate was 96.00% (96.06% in 2020/21).

Council Tax (gov.wales)



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 13,789 dwellings as at 31 March 2022.
- The average weekly net rent for 2021/22 was £110.38.
- Income including rent and charges for services totalled £92.571 million.
- Revenue expenditure included £25.010 million on repairs and maintenance, £33.1 million on supervision and management and £28.668 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 2021/22 after a transfer to earmarked reserves of £6.886 million. Factors resulting in the surplus included a reduced spend on repairs and maintenance, underspend on void property repairs, lower capital financing costs reflecting the timing of capital investment and delays in recruitment of staff. This will be used to meet the costs of high-rise overcladding projects in future years.

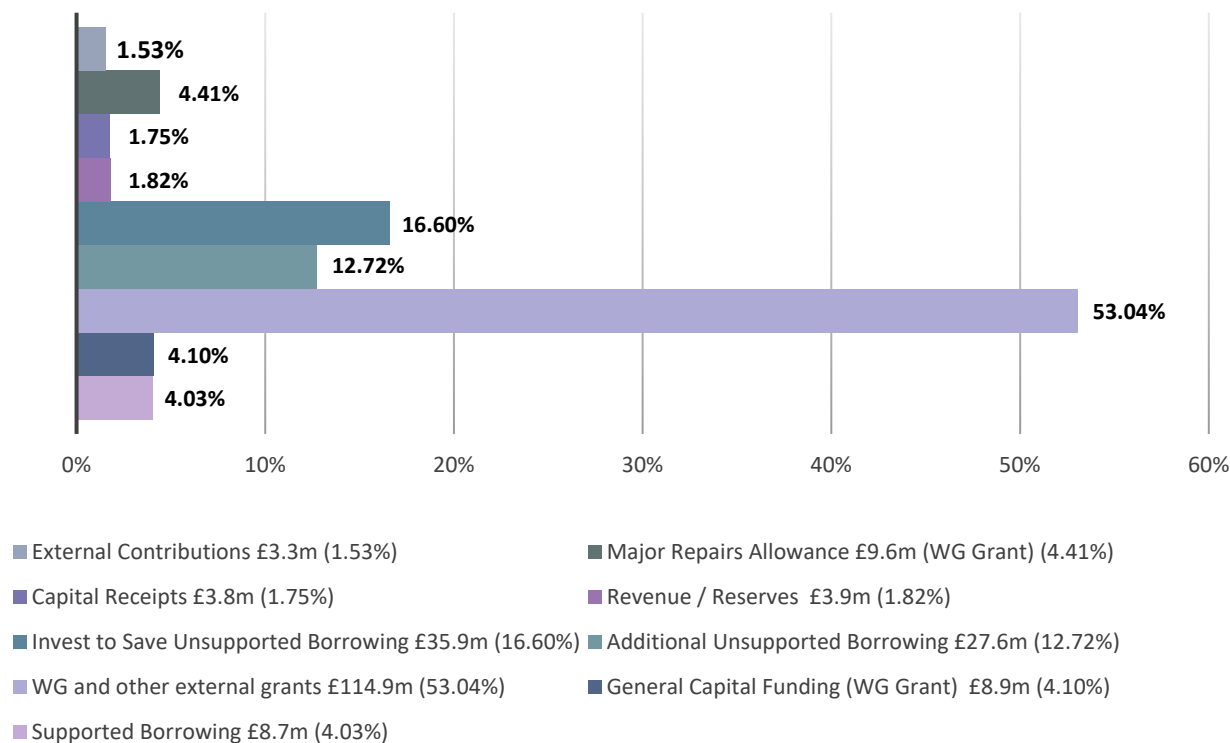
Capital Expenditure and Funding by the Council

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 to re-shape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our non-financial stability. Capital spending during the year totalled £216.5 million.

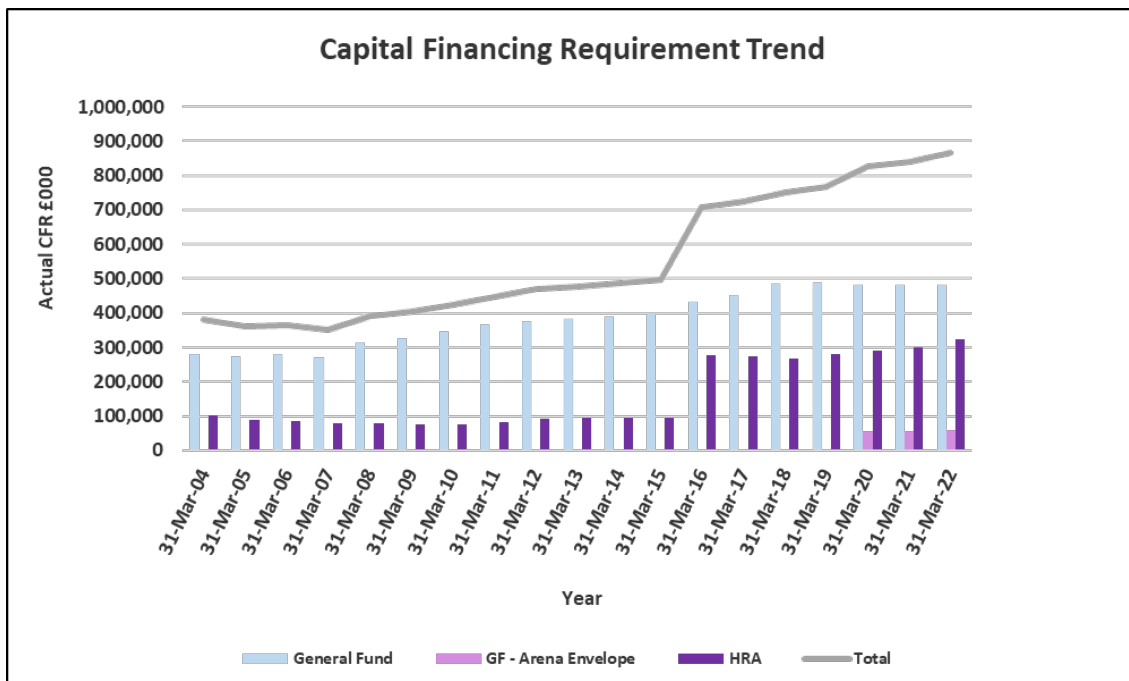
Schemes	Detail	£m
Business and City Development	Town Centre Loans; acquisition of regeneration sites at international sports village and for Atlantic Wharf Masterplan and balance of payment for Red Dragon Centre.	20.7
Parks, Leisure and Venues	Parks play areas, open space and infrastructure; Play Opportunities; Leisure and venues buildings maintenance; Roath Park dam scheme design and Harbour asset renewal.	5.3
Education & Lifelong Learning	21 st Century schools Band B including new Fitzalan High School construction. Acquisition of Ty Glas site Llanishen; investment in the condition and suitability of school buildings and ICT.	60.2
Neighbourhood Regeneration and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental and shop front improvements at Tudor Street, Cowbridge Road East and housing estate environmental improvements, Maelfa games area; Lisvane Community Hall and Infirmary Chapel Hub.	11.3
Highways & Transportation	Road and footpath resurfacing; LED lighting in residential areas and replacement of decking on Millennium Walkway; Coastal erosion and flood mitigation; public transport and road safety improvements; cycling strategy implementation; investment in active travel and safe routes in communities; city centre air quality measures including Wood Street and Canal Quarter.	34.3
Corporate, Technology and Vehicles	Works to relinquish leased buildings and acquisition of equity in Cardiff Bus as part of a financial support package; Modernising ICT; Replacement vehicle fleet including electric refuse collection vehicles and charging points.	14.4
Energy Projects and Sustainability	Completion of Lamby Way solar farm; Energy retrofit of buildings and contribution to Cardiff Heat Network.	6.1
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.	61.4
Other	Recycling depot infrastructure, Bereavement, Electric fleet charging infrastructure and a range of grant funded circular economy schemes; Property and Asset Management.	2.8
Total		216.5

The Council pays for its capital expenditure from a number of sources. This includes borrowing money. Borrowing and any associated interest costs must ultimately be repaid in a prudent way from existing and future income. The Capital Programme was financed from a combination of increasing borrowing commitments (£72.2 million) and from grants, contributions, revenue budgets and sale of assets (£144.3 million). An analysis of the sources of capital funding for the year is shown in the following chart

Funding of Capital Expenditure



Capital expenditure incurred historically by borrowing, 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 in future years, with the Council’s Capital and Treasury Management Strategies setting out a

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 2021/22, total provisions decreased by £1.081 million to £29.002 million. Details of the movement of individual provisions are shown in note 21 of the accounts.

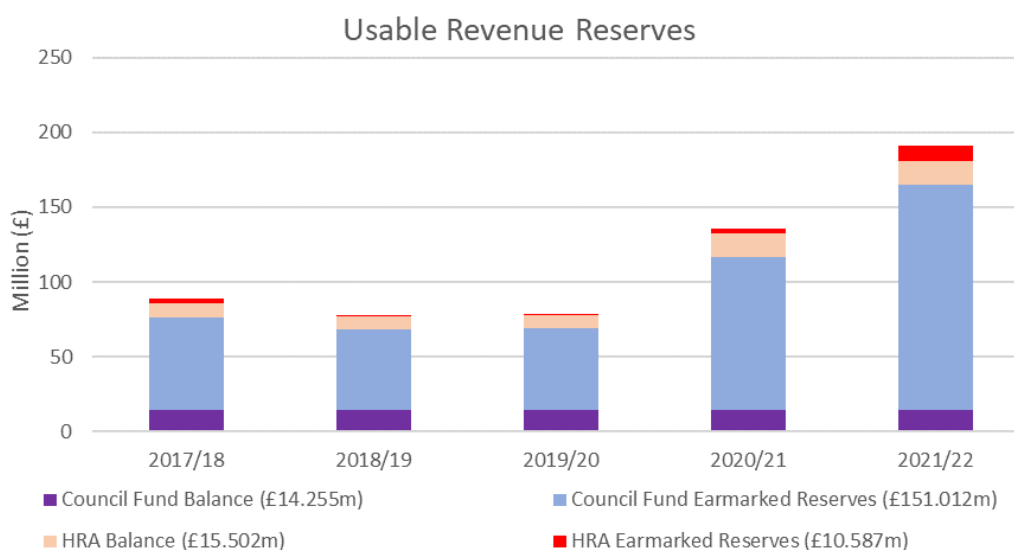
Pensions Liabilities

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

- The cost to the Council during the year for pension liabilities is £48.640 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £853.005 million at 31 March 2022. This is based on the latest actuarial assumptions, resulting in a decrease of £227.463 million from 2020/21.
- The Local Government Pension Scheme is revalued every three years, with the fund's assets at 31 March 2019 deemed to cover 96% of future liabilities. A 17 year recovery plan 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. Their use, creation and assessment of sufficiency also considers risks to financial resilience. A favourable improvement in the net directorate position, plus the receipt of Welsh Government additional grant funding at the end of the financial year, provided an opportunity to increase the level of earmarked reserve balances and improve the Council's overall level of 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. Earmarked revenue and other usable reserves are detailed in note 25 of the accounts whilst unusable reserves are shown in note 26.



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.

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

The pandemic will have affected us all in different ways and will continue to do so. This year was set against continuing uncertainty and risk arising from the pandemic, increases in costs and geo-political issues. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2021/22 with support from the Welsh Government through various grants. Demand for all Council services continues to increase with cost pressures and risks to future funding predicted over the medium term. The Council has set an ambitious agenda to invest and improve what we do for residents which will require difficult choices to be made and a focus on key priorities.

Looking beyond the immediate restart of services, the Council's focus is now firmly on working towards recovery and renewal. A series of 'Capital Ambition: Recovery and Renewal' Cabinet decisions have been taken, which deal specifically with the following four key policy themes:

- Organisational Recovery and Renewal – how the Council and local public services need to respond to the challenges and opportunities of the post-Covid-19 world.
- 'Greener, Fairer, Stronger' – a draft strategy for the recovery and renewal of the city's economy, including a series of 'missions', priorities and projects to consider.
- Delivering a Child Friendly Recovery – programmes of work across Council services to support children and young people, particularly those who are most vulnerable.

- One Planet Recovery – development of the One Planet Cardiff strategy and immediate actions the Council will take to tackle the climate emergency.

I am grateful for the work of my finance team in supporting directorates and for all officers who facilitate the transparency of our financial transactions and ensure processes are in place to support Covid-19 grant claims and initiatives. They have made possible the preparation of these financial statements and reporting of financial performance and position during what remains uncertain times. This is a requirement that will itself be more challenging in future years due to the ambitious change agenda, additional accounting and reporting requirements and consequential audit impacts.

Christopher Lee
Corporate Director Resources and Section 151 Officer



Statement of Responsibilities for the Financial Statements



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 2021/22 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 Graham Hinchey
Lord Mayor

Date:

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 2021/22 (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 2021/22 and financial position of the Council at 31 March 2022.

Christopher Lee
Corporate Director Resources

Date:

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 2022 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 a summary of 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 a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of 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 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

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

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of 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:

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Council's 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management 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, posting of unusual journals; and
- obtaining an understanding of the 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.

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

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
March 2023

24 Cathedral Road
Cardiff
CF11 9LJ



Accounting Policies, Critical Judgements and Assumptions



Accounting policies used when formulating the accounts

The Statement of Accounts summarises the Council's income and expenditure for the year ended 31 March 2022 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 2021/22 (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 been undertaken during 2021/22 and to be continued in 2022/23 to ensure significant lease type arrangements in respect of property and vehicles are identified and recorded. This will include 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. Regular reviews are 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 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 and civic regalia took place as at 31 March 2020.

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. *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.

15. *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.

16. *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 full valuation is undertaken every two years, the most recent of which took place in 2021/22 and Jones Lang LaSalle were appointed for the task.

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.

17. 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.

18. 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.

19. 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.

20. 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 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.

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, excluding borrowing costs which are not capitalised. 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 Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation*
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Community Assets	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
Council Dwellings	Existing Use Value for Social Housing	Every 2 years	2021/22	Savills	2023/24	Land: n/a Buildings: 50 years
Infrastructure	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
Other Operational Land & Buildings	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: 3-65 years

School Assets	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2021/22	Cooke & Arkwright	2024/25	Land: n/a Buildings: 2-50 years
Surplus Assets	Fair Value	Annual Fair Value Check	2021/22	Jones Lang LaSalle	2022/23	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. This ensures finance are made aware of all property issues affecting the Council,
- having an agreed rolling revaluation programme which is significantly shorter than the minimum 5 year cycle required by the Code in order to ensure there is sufficient, regular and consistent coverage of all classes of assets and valuation changes are averaged out at least over a three year period.

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.

21. 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.

22. 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.

23. 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.

24. 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 particularly as a result of the Covid-19 crisis. 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 2022 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	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. As a result of the impact of Covid-19, valuations on Council Dwellings are reported on the basis of 'material valuation uncertainty' as per the RICS Red Book. Consequently, less certainty and a higher degree of caution should be attached to the valuations. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid. 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.	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.

Accounting Policies, Critical Judgements and Assumptions

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Provisions	<p>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.</p>	<p>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</p>
Arrears	<p>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.</p> <p>The economic impact of the Covid-19 pandemic 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.</p>	<p>Improvements in collection will improve future reported Outturn position, however where customers are finding it difficult to pay this will require increases in the level of provisions currently set aside.</p>
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>	<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.</p>



One
Central
Square

Core Financial Statements and Notes to the Financial Statements



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).

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
18,836	(14,507)	4,329	Corporate Management		30,048	(26,007)	4,041
91,258	(37,826)	53,432	Economic Development		104,509	(45,208)	59,301
379,590	(92,688)	286,902	Education & Lifelong Learning		437,111	(111,419)	325,692
7,916	(1,244)	6,672	Governance & Legal Services		9,633	(2,015)	7,618
8,882	(5,916)	2,966	Harbour Authority		9,314	(5,959)	3,355
111,940	(85,884)	26,056	Housing Revenue Account		96,295	(92,571)	3,724
240,491	(186,579)	53,912	Housing and Communities		249,209	(189,430)	59,779
10,494	(7,281)	3,213	Performance and Partnerships		10,097	(6,793)	3,304
68,946	(44,358)	24,588	Planning , Transport and Environment		76,410	(44,360)	32,050
37,000	(18,415)	18,585	Resources		45,573	(25,730)	19,843
244,963	(59,883)	185,080	Social Services		260,449	(66,997)	193,452
4,967	(9,239)	(4,272)	Summary Revenue Account		259	(4,484)	(4,225)
1,225,283	(563,820)	661,463	Net Cost of Services		1,328,907	(620,973)	707,934
40,165	0	40,165	Police and Crime Commissioner for South Wales	3	42,523	0	42,523
446	0	446	Community Council Precepts		458	0	458
18,244	0	18,244	Levies & Contributions		18,632	0	18,632
15,760	(15,081)	679	(Gain)/loss on sale of non-current assets		719	(1,965)	(1,246)
74,615	(15,081)	59,534	Other Operating Expenditure		62,332	(1,965)	60,367
34,020	0	34,020	Interest Payable on debt	15	34,108	0	34,108
18,832	0	18,832	Interest on net defined benefit liability/(asset)	13	22,180	0	22,180
0	(394)	(394)	Interest & Investment Income	15	0	(388)	(388)
17,929	(14,345)	3,584	Income and Expenditure in relation to Investment Properties and changes in their fair value	14	30,453	(12,658)	17,795
0	(148)	(148)	Movement in Financial Instruments		0	0	0
70,781	(14,887)	55,894	Financing and Investment Income & Expenditure		86,741	(13,046)	73,695
0	(87,562)	(87,562)	Recognised Capital Grants & Contributions	24	0	(127,032)	(127,032)
0	(344,468)	(344,468)	Revenue Support Grant		0	(373,452)	(373,452)
0	(124,579)	(124,579)	Non-Domestic Rates	6	0	(121,062)	(121,062)
2,135	(230,151)	(228,016)	Council Tax Income	5	3,081	(240,341)	(237,260)
0	(3,211)	(3,211)	Donated Inventories		0	(6,022)	(6,022)
0	(218)	(218)	Corporation Tax (CCRCD)		116	0	116
2,135	(790,189)	(788,054)	Taxation & Non-Specific Grant Income		3,197	(867,909)	(864,712)
1,372,814	(1,383,977)	(11,163)	(Surplus)/Deficit on Provision of Services		1,481,177	(1,503,893)	(22,716)

Comprehensive Income and Expenditure

2020/21				2021/22			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
		(25,878)	Revaluation Gains				(46,288)
		1,109	Revaluation Losses				13,671
		233	Impairment losses on non-current assets charged to the Revaluation Reserve	26			581
		2,283	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				(3,475)
		198,203	Actuarial (gains)/losses on pension assets/liabilities	13			(307,373)
		175,950	Other Comprehensive Income & Expenditure				(342,884)
		164,787	Total Comprehensive Income & Expenditure				(365,600)

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22. Income and expenditure relating to investment properties were previously included in the Economic Development line of the Net Cost of Services. These are now included in the relevant lines within Financing and Investment Income & Expenditure both within 2020/21 and 2021/22.

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
Balance at 31 March 2020 carried forward	14,255	54,894	8,983	878	10,906	0	89,916	389,756	479,672
Movement in Reserves during 2020/21									
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	0	11,163	0	11,163
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(175,950)	(175,950)
Total Comprehensive Income and Expenditure	24,927	0	(13,764)	0	0	0	11,163	(175,950)	(164,787)
Adjustments between accounting basis & funding basis under regulations (note 1)	22,683	0	23,105	0	(2,233)	0	43,555	(43,555)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	47,610	0	9,341	0	(2,233)	0	54,718	(219,505)	(164,787)
Transfers to/(from) Earmarked Reserves	(47,610)	47,610	(2,822)	2,822	0	0	0	0	0
Increase/(Decrease) in 2020/21	0	47,610	6,519	2,822	(2,233)	0	54,718	(219,505)	(164,787)
Balance at 31 March 2021 carried forward	14,255	102,504	15,502	3,700	8,673	0	144,634	170,251	314,885
Movement in Reserves during 2021/22									
Surplus or (deficit) on the provision of Services	8,283	0	14,433	0	0	0	22,716	0	22,716
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	342,884	342,884
Total Comprehensive Income and Expenditure	8,283	0	14,433	0	0	0	22,716	342,884	365,600
Adjustments between accounting basis & funding basis under regulations (note 1)	40,225	0	(7,546)	0	(1,833)	6,972	37,818	(37,818)	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	48,508	0	6,887	0	(1,833)	6,972	60,534	305,066	365,600
Transfers to/(from) Earmarked Reserves (note 25)	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0
Increase/(Decrease) in 2021/22	0	48,508	0	6,887	(1,833)	6,972	60,534	305,066	365,600
Balance at 31 March 2022 carried forward	14,255	151,012	15,502	10,587	6,840	6,972	205,168	475,317	680,485

Balance Sheet

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

31 March 2021 £000		Note	31 March 2022 £000
1,898,189	Property, Plant & Equipment	14	1,992,202
58,682	Heritage Assets		58,849
156,238	Investment Properties		150,718
1,711	Intangible assets including AUC		1,135
14,792	Long-term Investments	15	24,749
5,951	Long-term Debtors		10,906
2,135,563	Total Long-Term Assets		2,238,559
98,882	Short-term Investments	15	210,105
918	Held for Sale assets	16	0
5,764	Inventories		11,684
168,405	Short-term Debtors	17	184,300
34,450	Cash and Cash Equivalents	18	23,751
308,419	Total Current Assets		429,840
(35,393)	Short-term Borrowing	15	(31,311)
(128,988)	Short-term Creditors	19	(175,845)
(1,471)	Pension Strain	22	(1,035)
(4,999)	Provisions	21	(4,544)
(3,453)	Deferred Liabilities	23	(3,640)
(174,304)	Total Current Liabilities		(216,375)
(783,666)	Long-term Borrowing	15	(832,819)
(25,084)	Provisions	21	(24,458)
(8,181)	Deferred Liabilities	23	(9,621)
(22,155)	Capital Contributions Receipts in Advance	24	(22,388)
(18,008)	Revenue Grants Receipts in Advance		(16,521)
(13,797)	Capital Grants Receipts in Advance		(11,431)
(3,434)	Pension Strain	22	(1,296)
(1,080,468)	Net Pensions Liability	13	(853,005)
(1,954,793)	Total Long-Term Liabilities		(1,771,539)
314,885	NET ASSETS		680,485
	Financed by:		
14,255	Council Fund Balance	25	14,255
102,504	Council Fund Earmarked Reserves		151,012
15,502	Housing Revenue Account Balance		15,502
3,700	Housing Revenue Account Earmarked Reserves		10,587
8,673	Capital Receipts Reserve		6,840
0	Capital Grants Unapplied		6,972
144,634	Usable Reserves		205,168
310,754	Revaluation Reserve	26	345,822
947,365	Capital Adjustment Account		977,282
5,003	Deferred Capital Receipts		5,003
6,984	Financial Instruments Revaluation Reserve		10,366
(1,085,373)	Pensions Reserve		(855,336)
(17,693)	Accumulated Absences Adjustment Account		(17,054)
3,211	Donated Inventories Account		9,234
170,251	Unusable Reserves		475,317
314,885	TOTAL RESERVES		680,485

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.

2020/21		Note	2021/22
£000			£000
(11,163)	Net (surplus) /deficit on the provision of services		(22,716)
(180,826)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(231,213)
102,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		129,979
(89,010)	Net cash flows from operating activities		(123,950)
146,179	Purchase of property, plant and equipment, investment property and intangible assets		191,372
30,337	Purchase of short-term and long-term Investments		117,750
(17,098)	Other payments for investing activities		2,133
(15,422)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(2,649)
(98,976)	Capital Grants and Contributions		(126,516)
45,020	Net cash flows from investing activities		182,090
(3,111)	Cash receipts from short-term and long-term borrowing		(72,479)
26,315	Other receipts from financing activities		(2,495)
22,287	Repayments of short-term and long-term borrowing		27,533
45,491	Net cash flows from financing activities		(47,441)
1,501	Net (increase)/ decrease in cash and cash equivalents		10,699
35,951	Cash and cash equivalents at the beginning of the reporting period		34,450
34,450	Cash and cash equivalents at the end of the reporting period	18	23,751

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 2020/21					Adjustments between Accounting and Funding Basis	Usable Reserves 2021/22				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves		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
					Adjustments primarily involving the Capital Adjustment Account:					
					<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
50,823	11,933	0	0	(62,755)	Charges for depreciation and impairment of Non-Current assets	53,417	11,345	0	0	(64,762)
347	48,354	0	0	(48,700)	Revaluation losses of Non-Current Assets	44,806	24,114	0	0	(68,920)
(519)	(79)	0	0	598	Reverse previous impairment on revaluation	(23,804)	(1,407)	0	0	25,211
797	86	0	0	(884)	Amortisation of Intangible Assets	842	86	0	0	(928)
8,405	7	0	0	(8,413)	Movements in the market value of Investment Properties	26,694	(62)	0	0	(26,632)
(17)	457	0	0	(440)	Movement in the value of Held for Sale Assets	0	0	0	0	0
(64,124)	(23,438)	0	0	87,562	Capital grants and contributions applied	(89,508)	(30,552)	0	0	120,060
0	0	0	0	0	Capital grants unapplied	(6,972)	0	0	6,972	0
4,294	104	0	0	(4,398)	Revenue expenditure funded from capital under statute	2,662	31	0	0	(2,693)
14,423	766	30	0	(15,219)	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	573	43	0	0	(616)
1	0	320	0	(321)	Movement of Financial Instruments	25	0	0	0	(25)
					<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
(24,714)	(13,396)	0	0	38,110	Statutory provision for the financing of capital investment	(31,523)	(13,015)	0	0	44,538

Usable Reserves 2020/21					Adjustments between Accounting and Funding Basis	Usable Reserves 2021/22				
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Unapplied Capital Grants	Movement in Unusable Reserves		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
(973)	(2,400)	0	0	3,373	Capital expenditure charged against the Council Fund and HRA balances	(1,540)	(2,400)	0	0	3,940
0	0	(6,455)	0	6,455	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(3,781)	0	3,781
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	(11,202)	0	11,202	Capital receipts set aside for the repayment of debt	0	0	(17)	0	17
					Adjustments involving the Revaluation Reserve					
(12,242)	(2,285)	15,068	0	(541)	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/Recoupment of Grant/Other	(1,067)	(796)	1,966	0	(103)
					Adjustments involving the Pensions Reserve:					
86,648	6,461	0	0	(93,109)	Net retirement benefits as per IAS19	119,054	9,510	0	0	(128,564)
(42,540)	(4,013)	0	0	46,553	Employer's contributions to the Pension Scheme	(44,497)	(4,157)	0	0	48,654
(142)	(138)	0	0	280	Pension Strain Future Years	(2,577)	3	0	0	2,574
					Adjustments involving the Accumulated Absences Adjustment Account					
5,426	687	0	0	(6,113)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(338)	(290)	0	0	628
					Adjustments involving the Deferred Capital Receipts Reserve					
0	0	6	0	(6)	Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	0	0	0
0	0	0	0	0	Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0	0
					Transfer to Donated Inventories Account					
(3,211)	0	0	0	3,211	Transfer to Donated Inventories Account	(6,022)	0	0	0	6,022
22,683	23,105	(2,233)	0	(43,555)	Total Adjustments	40,225	(7,547)	(1,832)	6,972	(37,818)

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).

2020/21			Directorate	2021/22		
Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES		Net Expenditure Charged to CF and HRA	Adjustments between accounting & funding basis	Net expenditure CIES
£000	£000	£000		£000	£000	£000
26,340	(22,011)	4,329	Corporate Management	26,429	(22,388)	4,041
38,329	15,103	53,432	Economic Development	38,696	20,605	59,301
287,533	(631)	286,902	Education & Lifelong Learning	297,868	27,824	325,692
6,285	387	6,672	Governance & Legal Services	6,514	1,104	7,618
0	2,966	2,966	Harbour Authority	0	3,355	3,355
0	26,056	26,056	Housing Revenue Account	0	3,724	3,724
47,315	6,597	53,912	Housing & Communities	48,965	10,814	59,779
2,868	345	3,213	Performance & Partnerships	2,882	422	3,304
7,619	16,969	24,588	Planning Transport and Environment	6,066	25,984	32,050
14,317	4,268	18,585	Resources	15,186	4,657	19,843
182,020	3,060	185,080	Social Services	190,526	2,926	193,452
43,560	(47,832)	(4,272)	Summary Revenue Account	49,120	(53,345)	(4,225)
656,186	5,277	661,463	Net Cost of Services	682,252	25,682	707,934
(604,582)	(68,044)	(672,626)	Other Income and Expenditure	(636,441)	(94,209)	(730,650)
51,604	(62,767)	(11,163)	(Surplus) or Deficit on Provision of Services	45,811	(68,527)	(22,716)
	Council Fund	HRA Balance			Council Fund	HRA Balance
	14,255	8,983	Opening Balance as at 1 April		(14,255)	(15,502)
	0	6,519	Surplus/(Deficit)		0	0
	14,255	15,502	Closing Balance as at 31 March		(14,255)	(15,502)

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

2.1 Note to the Expenditure and Funding Analysis

The adjustments between Accounting and Funding basis are analysed further in the following table.

2020/21				Directorate	2021/22			
Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments		Adjustments for capital purposes	Net change for Pensions Adjustments	Other Adjustments	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
537	708	(23,256)	(22,011)	Corporate Management	396	890	(23,674)	(22,388)
13,462	4,121	(2,480)	15,103	Economic Development	18,340	7,363	(5,098)	20,605
18,604	6,704	(25,939)	(631)	Education & Lifelong Learning	32,346	15,982	(20,504)	27,824
3	450	(66)	387	Governance & Legal Services	0	958	146	1,104
2,673	266	27	2,966	Harbour Authority	2,826	500	29	3,355
60,855	2,310	(37,109)	26,056	Housing Revenue Account	31,771	5,356	(33,403)	3,724
4,955	2,871	(1,229)	6,597	Housing & Communities	5,484	6,887	(1,557)	10,814
0	322	23	345	Performance & Partnerships	0	641	(219)	422
19,294	1,843	(4,168)	16,969	Planning Transport and Environment	20,862	3,355	1,767	25,984
1,850	3,013	(595)	4,268	Resources	2,701	4,140	(2,184)	4,657
280	3,852	(1,072)	3,060	Social Services	633	8,923	(6,630)	2,926
0	0	(47,832)	(47,832)	Summary Revenue Account	101	9	(53,455)	(53,345)
122,513	26,460	(143,696)	5,277	Net Cost of Services	115,460	55,004	(144,782)	25,682
(83,447)	18,832	(3,429)	(68,044)	Other Income and Expenditure from the Expenditure & Funding Analysis	(110,483)	22,180	(5,906)	(94,209)
39,066	45,292	(147,125)	(62,767)	(Surplus) or Deficit on Provision of Services	4,977	77,184	(150,688)	(68,527)

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

Adjustments for capital purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition:

- 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 receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

Net Change for Pension Adjustments

The removal of pension contributions and the addition of the IAS19 Employee Benefits pension related expenditure and income are reflected as follows:

- 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.

Other Adjustments

The amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are as follows:

- 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
- the charge for taxation and non-specific grant income represents 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.

2020/21 £000		2021/22 £000
532,713	Employee Benefits Expenses	599,145
649,748	Other Service Expenses	689,422
63,789	Depreciation, Amortisation & Impairment	65,717
17,929	Expenditure in relation to Investment Properties and changes in their fair value	30,453
34,020	Interest Payments	34,108
58,855	Precepts & Levies	61,613
15,760	Loss on Sale of Non-Current Assets	719
1,372,814	Total Expenditure	1,481,177
(165,251)	Fees, Charges & Other Service Income	(231,877)
(14,345)	Income in relation to Investment Properties and changes in their fair value	(12,658)
(394)	Interest and Investment Income	(388)
(354,730)	Income from Council Tax and Non-Domestic Rates	(361,403)
(834,176)	Grants and Contributions	(895,602)
(15,081)	Gain on Sale of Non-Current Assets	(1,965)
(1,383,977)	Total Income	(1,503,893)
(11,163)	Surplus & Deficit on the Provision of Services	(22,716)

*Income and expenditure relating to investment properties were previously included in Other Service Expenses and Income lines. These are now included in the Income and Expenditure in relation to Investment Properties within 2020/21 and 2021/22.

3. Precepts and Levies

2020/21 £000		2021/22 £000
	Precepts	
40,165	Police and Crime Commissioner for South Wales	42,523
	Community Councils:	
45	- Lisvane	51
175	- Pentyrch	175
126	- Radyr & Morganstown	126
31	- St Fagans	34
46	- Old St Mellons	49
23	- Tongwynlais	23
40,611	Total Precepts	42,981
	Levies & Contributions	
17,986	South Wales Fire and Rescue Service	18,374
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	114
5	Newport Port Health Authority	5
18,244	Total Levies and Contributions	18,632

4. Participation in Joint Committees

During 2021/22 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.

2020/21 £000	Committee	Purpose	Lead Authority	2021/22 £000
262	Cardiff Capital Region City Deal (CCRCD)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	275
1,412	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,293
209	Glamorgan Archives	Management and administration of the Glamorgan Records Office	Cardiff Council	243
27	Prosiect Gwyrdd	To manage residual waste treatment	Cardiff Council	27
673	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	699
4,927	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	4,722
7,510	Total			7,259

The Council has accounted for its share of the transactions and balances with CCRCD but for the other Joint Committees it accounts just for their contributions.

Capital contributions to CCRCD in respect to the Wider Investment Fund are included in the core financial statements but not shown in the table above. No capital contribution was made in 2021/22 (£474,000 for 2020/21).

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 2021/22 was 147,794 (147,277 for 2020/21).

The amounts for a band D property in Cardiff during 2021/22 were as follows:

2020/21 £	Band D Council Tax:	2021/22 £
1,266	Cardiff Council	1,310
272	Police and Crime Commissioner for South Wales	288
1,538	Total	1,598

The above amount (£1,598) 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	2,182	12,741	25,039	30,781	29,231	26,601	15,242	5,081	3,093	149,995
Apply Collection rate										98.50%	147,745
Plus Class O (Ministry of Defence) dwellings											49
Council Tax Base											147,794

Analysis of the net proceeds from Council Tax:

2020/21 £000		2021/22 £000
(230,151)	Council Tax collectable	(240,341)
2,135	Impairment for non-payment of Council Tax	3,081
(228,016)	Net proceeds	(237,260)
	Represented by:	
40,611	Precepts	42,981
187,405	Council Tax attributable to the Council	194,279

The cumulative impairment for non-payment of Council Tax held at the 31 March 2022 is £10.422 million (£8.189 million at 31 March 2021).

Council Tax that is past due but not impaired:

31 March 2021 £000		31 March 2022 £000
5,143	Debts less than one year	4,876
1,618	Debts between two and 5 years	1,920
116	Debts over five years	117
6,877	Total Council Tax due but not impaired	6,913

6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (53.5p in 2021/22 and 53.5p in 2020/21) 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

£457.565 million for 2021/22 (£457.012 million 2020/21). An analysis of the net proceeds from non-domestic rates is shown below:

2020/21 £000		2021/22 £000
189,469	Non-Domestic Rates collectable	198,777
(928)	Cost of collection allowance	(933)
(11,763)	Impairment for non-payment	3,685
176,778	Payment into national pool	201,529
(124,579)	Redistribution from national pool	(121,062)

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 collection - a net creditor of £2.022 million at 31 March 2022 (£31.503 million debtor at 31 March 2021) is included in the balance sheet which represents the amount collected from ratepayers exceeds the amount paid over to Welsh Government.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2022 the Welsh Government had provided £2.173 million of funding, of which £521,000 is outstanding as loans provided. The balance available for new loans was £1.652 million (£2.102 million at 31 March 2021).
- Home Improvement loans – provide loans for home improvements. At 31 March 2022 the Welsh Government had provided £1.624 million of funding, of which £787,000 is outstanding as loans provided leaving a balance available for new loans of £837,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £18.908 million in 2021/22 (£101.221 million in 2020/21)
- Other Welsh Government Covid-19 grants and financial support – there have also been a number of grants or areas of financial support that local authorities have been asked to administer on the Welsh Government’s behalf because they have the local knowledge and ability to put in place systems quickly to make payments. At 31 March 2022 Welsh Government had provided £45.802 million for this support.

South Wales Trunk Road Agency

The total reimbursement received by the Council was £265,000 in 2021/22 (£341,000 in 2020/21).

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. This totaled £1.457 million in 2021/22 (£968,000 in 2020/21).

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 £10.198 million in 2021/22 (£10.094 million in 2020/21) on behalf of all the partners.

8. Remuneration

8.1 The Accounts and Audit (Wales) Regulations 2014 require 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 2021/22 was 1:7 (1:7 in 2020/21). The median full time equivalent earnings for 2021/22 was £28,572 (£27,264 in 2020/21). 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 Accounts and Audit (Wales) Regulations 2014 also require that the number of employees, whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. The following table includes all staff that fall within this category including teaching staff and senior officers whose remuneration is disclosed in more detail in note 8.3. The table 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	
2020/21			2021/22*	
Non Schools	Schools		Non Schools	Schools
20	59	60,000-64,999	12	63
2	55	65,000-69,999	14	46
19	34	70,000-74,999	21	49
1	8	75,000-79,999	1	25
2	6	80,000-84,999	0	8
8	5	85,000-89,999	0	7
0	4	90,000-94,999	10	1
1	4	95,000-99,999	0	7
0	4	100,000-104,999	0	4
1	0	105,000-109,999	1	4
0	1	110,000-114,999	0	1
0	0	115,000-119,999	0	1
0	1	120,000-124,999	0	0
0	0	125,000-129,999	0	0
3	2	130,000-134,999	6	1
0	1	135,000-139,999	0	0

Number of Employees		Remuneration band £	Number of Employees	
2020/21			2021/22*	
Non Schools	Schools		Non Schools	Schools
2	1	140,000-144,999	2	3
0	0	145,000-149,999	0	0
0	0	150,000-154,999	0	0
0	1	155,000-159,999	0	0
0	0	160,000-164,999	0	1
0	1	165,000-169,999	0	0
0	0	170,000-174,999	0	1
0	0	175,000-179,999	0	0
0	0	180,000-184,999	0	0
1	0	185,000-189,999	1	0
60	187	Total	68	222

*Please note for 2021/22 the number of employees includes the full time, full year equivalent of part time staff and those working part of the year.

8.3 Shown in the tables below are remuneration details as required by regulation:

- 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). Bonuses totaling £1,470, funded by Welsh Government, have been paid during 2021/22 (£0 in 2020/21)

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% 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)	2021/22	188,166	0	0	0	0	38,950	227,116	
		2020/21	185,385	0	0	0	0	38,375	223,760	
Corporate Director Resources & Section 151 Officer		2021/22	143,891	0	0	0	0	29,785	173,676	
		2020/21	141,764	0	0	0	0	29,345	171,109	
Corporate Director People & Communities		2021/22	143,891	0	0	0	0	29,785	173,676	
		2020/21	141,764	0	0	0	0	29,345	171,109	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Director Planning, Transport & Environment		2021/22	132,822	0	0	0	0	27,494	160,316	
		2020/21	130,859	0	0	0	0	27,088	157,947	
Director Economic Development		2021/22	132,822	0	0	0	0	27,494	160,316	
		2020/21	130,859	0	0	0	0	27,088	157,947	
Director Education & Lifelong Learning		2021/22	0	0	0	0	0	0	0	Left the Council 31/10/2020.
		2020/21	47,530	0	0	0	0	0	47,530	
Director Education & Lifelong Learning		2021/22	132,822	0	0	0	0	27,494	160,316	Commenced 16/11/2020.
		2020/21	49,072	0	0	0	0	10,158	59,230	
Director Governance & Legal Services & Monitoring Officer		2021/22	132,822	0	0	0	0	27,494	160,316	
		2020/21	130,859	0	0	0	0	26,049	156,908	
Director Social Services	(c)	2021/22	0	0	0	0	0	0	0	Left the Council 30/09/2020.
		2020/21	64,917	0	0	0	0	13,242	78,159	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Director Children's Services	(d)	2021/22	133,557	0	0	0	0	27,646	161,203	Commenced 22/03/2021.
		2020/21	3,518	0	0	0	0	728	4,246	
Director Adults Housing & Communities Services		2021/22	132,822	0	0	0	0	27,494	160,316	Commenced 25/01/2021.
		2020/21	24,272	0	0	0	0	5,139	29,411	
Chief Digital Officer		2021/22	106,628	0	0	0	0	22,072	128,700	
		2020/21	105,052	0	0	0	0	21,746	126,798	
Assistant Director Adult Services	(e)	2021/22	1,971	0	0	0	0	408	2,379	Left the Council 05/04/2021. Annualised salary £90,320.
		2020/21	88,985	0	0	0	0	18,420	107,405	
Assistant Director County Estates		2021/22	90,320	0	0	0	0	18,696	109,016	Commenced 23/09/2020.
		2020/21	46,470	0	0	0	0	9,862	56,332	
Assistant Director Children's Services - Deborah Driffield	(b)	2021/22	0	0	0	0	0	0	0	Left role 21/03/2021.
		2020/21	221,186	0	0	0	0	0	221,186	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Assistant Director Education & Lifelong Learning		2021/22	90,320	0	0	0	0	18,696	109,016	
		2020/21	88,985	0	0	0	0	18,420	107,405	
Assistant Director Housing & Communities		2021/22	65,069	0	0	0	0	13,469	78,539	Commenced 12/07/2021. Annualised salary £90,320.
		2020/21	0	0	0	0	0	0	0	
Assistant Director Housing & Communities		2021/22	0	0	0	0	0	0	0	Left role 24/01/2021.
		2020/21	72,480	0	0	0	0	14,889	87,369	
Assistant Director Street Scene		2021/22	90,320	0	0	0	0	18,696	109,016	
		2020/21	88,985	0	0	0	0	18,420	107,405	
Programme Director - Schools Organisation Programme		2021/22	90,320	0	0	0	0	18,696	109,016	
		2020/21	88,985	0	0	0	0	18,420	107,405	
Chief Human Resources Officer		2021/22	0	0	0	0	0	0	0	Left the Council 09/10/2020.
		2020/21	31,107	0	22,246	0	0	9,409	62,762	

Post title	Note	Year	Salary, fees & allowances received £	Taxable benefits £	Compensation for loss of employment			Employers pension contribution (20.7% of salary) £	Total remuneration including pension contributions £	Explanatory notes
					Received via payroll (taxable) £	Received via payroll (non-taxable) £	Enhancement of Retirement Benefits £			
Chief Human Resources Officer		2021/22	90,320	0	0	0	0	18,696	109,016	Commenced 22/02/2021.
		2020/21	9,269	0	0	0	0	1,973	11,242	
Head of Finance		2021/22	90,320	0	0	0	0	18,696	109,016	
		2020/21	88,985	0	0	0	0	18,420	107,405	
Head of Performance & Partnerships		2021/22	90,320	0	0	0	0	18,696	109,016	
		2020/21	87,152	0	0	0	0	18,440	105,592	

- 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) During 2020/21 agency invoices of £221,186 were received for the service as Assistant Director Children's Services.
- c) In addition to the remuneration fees detailed in the table above, in 2021/22 the Social Services Director received £1,761 (salary & pension contribution) relating to a backdated pay award for 2020/21.
- d) Includes bonus payment of £735, received in 2021/22 but relates to 2020/21 as part of the Welsh Government Financial Recognition for Social Care Worker Scheme.
- e) Includes bonus payment of £735, received in 2021/22 but relates to 2020/21 as part of the Welsh Government Financial Recognition for Social Care Worker Scheme.

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.

2020/21				Exit package cost band (including special payments)	2021/22			
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 £
31	41	72	470,590	0 - 20,000	15	53	68	566,610
2	15	17	450,315	20,001 – 40,000	2	22	24	648,854
2	13	15	733,154	40,001 – 60,000	0	4	4	197,091
0	2	2	137,929	60,001 – 80,000	0	2	2	153,951
0	0	0	0	80,001 – 100,000	0	2	2	165,771
0	3	3	402,130	100,001 – 150,000	0	0	0	0
0	1	1	185,359	150,001 – 200,000	0	0	0	0
35	75	110	2,379,477	Total	17	83	100	1,732,277

*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 2021/22 was £1.385 million (£1.371 million in 2020/21). 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 and following a review, a new model of contributions was agreed by the partnership and implemented during 2020/21. The transactions are included in the Housing and Communities 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, initially for one year, however, the agreement has been extended to also cover the 2021/22 financial year. Cardiff Council has acted as host authority during the four years of the

agreement. The Cardiff Council transactions are included in the Social Services line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2022 are as follows:

2020/21 £000			2021/22 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		Expenditure		
1,611	0	Equipment	1,689	0
487	0	Contribution to Overheads	487	0
0	65,661	Care Home costs	0	64,046
2,098	65,661	Total Expenditure	2,176	64,046
		Funding		
(1,258)	(25,118)	Cardiff and Vale University Health Board	(1,376)	(24,549)
(550)	(24,655)	Cardiff Council	(663)	(23,744)
(290)	(15,888)	Vale of Glamorgan Council	(347)	(15,753)
(2,098)	(65,661)	Total Funding	(2,386)	(64,046)
0	0	(Surplus)/Deficit transferred to Reserve	(210)	0

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 2021/22 financial transactions with the Welsh Government totaled £322,000 of expenditure and approximately £360.379 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), no money was owed to Welsh Government and £326,000 was owed from Welsh Government.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2021/22 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 Councils Website Your Councillors : Cardiff Council (modern.gov.co.uk)

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. These do not include any Covid-19 Business Grants issued.

The relevant members did not take part in any discussion or decision relating to the Grants.

2020/21				Related Party	Related Party Relationship	Transaction details	2021/22			
Amounts owed by the Authority	Amounts paid by the Authority	Amounts received by the Authority	Amounts owed to the Authority				Amounts owed by the Authority	Amounts paid by the Authority	Amounts received by the Authority	Amounts owed to the Authority
£000	£000	£000	£000				£000	£000	£000	£000
0	2	(15)	0	Cardiff Cycle Workshop Ltd	Family Member is Chair of Trustees	Payments are primarily for Bike Clinics and purchase of refurbished bikes. Income is mainly ground rent	0	25	(15)	0
0	745	(19)	(5)	Cartref Care Homes	Trustee	Primarily Residential Care	0	949	(8)	0
0	0	0	0	Cathays and Central Youth & Community Project	Trustee	Day Care	1	214	0	0
0	0	0	0	Cylch Meithrin Pwll Coch	Trustee	Childcare	0	38	(1)	(1)
0	818	(66)	(15)	Huggard	Member of Management Committee	Primarily Supporting people	11	1,149	(91)	(45)
0	0	0	0	Llanrumney Hall Community Trust Ltd	Trustee	Primarily Trade Refuse	0	24	(3)	0
0	20	0	0	Safer Wales	Chief Executive Officer	Grant for Domestic Abuse support	0	21	(4)	0
0	2	0	0	Seren in the Community CIO	Trustee	Primarily Childrens Play Grant	0	60	0	0
0	66	(168)	0	Wales and the West Housing Association	Family Member is Chief Executive	Payment relates to supporting individuals in relation to alarm subsidy. Income for 2021/22 includes a S278 for £20,000	0	137	(90)	(2)
0	1,653	(335)	(32)	Total transactions			12	2,618	(212)	(48)

Officer's emoluments are shown in note 8. In 2021/22, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2020/21). For goods and services provided, income of £51,000 was received in 2021/22 (£160,000 in 2020/21).

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 £123,000 to Police and Crime Commissioner for South Wales during 2021/22 (£139,000 in 2020/21).

11. External Audit Costs

2020/21		2021/22
£000		£000
382	Fees payable to Audit Wales for external audit services	401
50	Fees payable to Audit Wales for the certification of grant claims	69
20	Fees payable to Audit Wales for other financial audit work	14
452	Total	484

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 revenue in 2021/22:

2020/21		2021/22
£000		£000
1,473	Property Leases	1,357
2,414	Other Leases	2,130
3,887		3,487

The Council was committed at 31 March 2022 to making payments of £12.995 million under operating leases (£13.805 million at 31 March 2021) comprising the following elements:

31 March 2021		31 March 2022	
Property	Other	Property	Other

Leases £000	Leases £000	Minimum lease payments	Leases £000	Leases £000
375	2,076	Not later than one year	1,122	1,864
1,084	3,084	Later than one year but not later than five years	1,028	2,052
7,136	50	Later than five years	6,897	32
8,595	5,210		9,047	3,948

Finance Leases

There were no finance leases recognised at 31 March 2022 (none in 2020/21) 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 revenue of £8.939 million in 2021/22 (£8.343 million in 2020/21)

The Council was committed as at 31 March 2022 to receiving income of £476.917 million (£477.722 million as at 31 March 2021) under operating leases for Land & Buildings comprising the following elements:

31 March 2021 £000	Minimum Income	31 March 2022 £000
8,615	Not later than one year	8,687
27,612	Later than one year and not later than five years	28,467
441,495	Later than five years	439,763
477,722		476,917

Finance Leases

There were no finance leases recognised at 31 March 2022 (none in 2020/21).

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

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 2021/22 the Council paid £32.252 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay for 2021/22 (£30.592 million representing 23.7% of teachers' pensionable pay for 2020/21). 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.

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.

2020/21				2021/22		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000		£000	£000	£000
			Comprehensive Income and Expenditure Statement (CIES)			
			Net Cost of Services			
71,580	0	71,580	Current Service Cost	104,900	0	104,900
1,410	0	1,410	Past Service Costs	1,470	0	1,470
			Financing & Investment Income and Expenditure			
17,850	980	18,830	Interest on net defined benefit liability/(asset)	21,260	910	22,170
90,840	980	91,820	Net charge to CIES	127,630	910	128,540
			Remeasurement of the net Defined Liability comprising			
(229,490)	0	(229,490)	Returns on Plan Assets excluding amounts included in net interest	(124,670)	0	(124,670)
442,720	3,260	445,980	Actuarial (gains)/losses arising from changes in Financial assumptions	(160,590)	(1,210)	(161,800)
0	0	0	Actuarial (gains)/losses arising from changes in demographic assumptions	(24,350)	(560)	(24,910)
(17,280)	(620)	(17,900)	Other experience and Actuarial adjustments	7,570	(3,210)	4,360
195,950	2,640	198,590	Total Remeasurements recognised in Other Comprehensive Income	(302,040)	(4,980)	(307,020)
286,790	3,620	290,410	Total charged to Comprehensive Income and Expenditure Statement	(174,410)	(4,070)	(178,480)

2020/21				2021/22		
Funded scheme	Unfunded liabilities	Total		Funded scheme	Unfunded liabilities	Total
£000	£000	£000		£000	£000	£000
			Movement in Reserves Statement			
(90,840)	(980)	(91,820)	Reversal of net charges made for retirement benefits in accordance with IAS19	(127,630)	(910)	(128,540)
			Actual amount charged against Council Tax in respect of pensions for the year			
43,230	0	43,230	Employers contributions payable to the scheme	45,850	0	45,850
0	3,020	3,020	Payments in respect of unfunded pensions liabilities *	0	2,790	2,790
43,230	3,020	46,250	Total	45,850	2,790	48,640

* 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 pension fund actuary, Aon Hewitt, has based the estimate on the major provisions of the estimate, however, there remains some uncertainty over the final outcome which will not be clarified for some time.

Reconciliation of Funded Status to Balance Sheet

31 March 2021				31 March 2022		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(1,974,720)	(44,120)	(2,018,840)	Opening present value of liabilities	(2,476,000)	(44,720)	(2,520,720)
(71,580)	0	(71,580)	Current service cost	(104,900)	0	(104,900)
(45,660)	(980)	(46,640)	Interest cost	(51,540)	(910)	(52,450)
(12,580)	0	(12,580)	Contributions by participants	(13,410)	0	(13,410)
(425,440)	(2,640)	(428,080)	Remeasurements in Other Comprehensive Income (OCI)	177,330	4,980	182,310
55,390	3,020	58,410	Net benefits paid out *	57,880	2,790	60,670
(1,410)	0	(1,410)	Past service cost	(1,470)	0	(1,470)
(2,476,000)	(44,720)	(2,520,720)	Closing present value of liabilities	(2,412,110)	(37,860)	(2,449,970)
1,183,130	0	1,183,130	Opening fair value of assets	1,440,850	0	1,440,850
27,810	0	27,810	Interest income on assets	30,280	0	30,280
229,490	0	229,490	Remeasurement gains/(losses) on assets	124,710	0	124,710
43,230	3,020	46,250	Contributions by employer	45,850	2,790	48,640
12,580	0	12,580	Contributions by participants	13,410	0	13,410
(55,390)	(3,020)	(58,410)	Net benefits paid out *	(57,880)	(2,790)	(60,670)
1,440,850	0	1,440,850	Closing fair value of assets	1,597,220	0	1,597,220
(1,035,150)	(44,720)	(1,079,870)	Net pension asset /(liability)*	(814,890)	(37,860)	(852,750)

*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 2022. 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 contributions are reviewed as part of the triennial valuation.

There has been a significant decrease in the pension liability at 31 March 2022 as compared to the previous year. This is primarily due to a change 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 2023

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2023 are estimated to be £52.932 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 2023 the Council expects to pay £3.012 million directly to beneficiaries.

Basis for estimating assets and liabilities

The principal assumptions used by the independent qualified actuaries in updating the full March 2019 valuation figures as at 31 March 2022, for IAS19 purposes, are shown in the following table:

31 March 2021	Assumptions	31 March 2022
	Longevity at 45 for Current Pensioners (years)	
23.3	Men	23.2
26.1	Women	26.0
	Longevity at 65 for Current Pensioners (years)	
22.3	Men	22.1
24.7	Women	24.6
	Rates	
2.7%	Rate of Inflation - Consumer Price Index (CPI)	3.0%
3.7%	Rate of general increase in salaries	4.0%
2.7%	Rate of increase to pensions in payment	3.0%
2.7%	Rate of increase to deferred pensions	3.0%
2.1%	Discount rate for scheme liabilities	2.7%

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 2021				31 March 2022		
Quoted %	Unquoted %	Total %	Assets	Quoted %	Unquoted %	Total %
62.1	3.5	65.6	Equities	63.8	3.7	67.5
6.6	0.0	6.6	Property	6.9	0.0	6.9
10.7	0.0	10.7	Government Bonds	9.2	0.0	9.2
15.7	0.0	15.7	Corporate Bonds	8.4	0.0	8.4
0.0	0.0	0.0	Multi Asset Credit	5.7	0.0	5.7
1.4	0.0	1.4	Cash	2.3	0.0	2.3
96.5	3.5	100.0	Total	96.3	3.7	100.0

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

	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000
Fair value of assets	1,230,630	1,317,980	1,183,130	1,440,850	1,597,220
Present value of funded liabilities	(1,820,380)	(1,931,978)	(1,974,720)	(2,476,000)	(2,412,110)
Present value of unfunded liabilities	(46,520)	(48,720)	(44,120)	(44,720)	(37,860)
Surplus/(deficit)	(636,270)	(662,718)	(835,710)	(1,079,870)	(852,750)

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 £2,412,110	+0.1% p.a		-0.1% p.a	
Change in Assumptions on Present value of the funded defined benefit obligations	£000	% Increase / Decrease to Employee Liability	£000	
Adjustment to Discount rate	2,363,870	-2.0%	2.1%	2,462,760
Adjustment to Salary Increase rate	2,416,930	0.2%	-0.2%	2,407,290
Adjustment to Pension Increase rate	2,455,530	1.8%	-1.8%	2,368,690
	-1 year		1 year	
Adjustment to Mortality rate	2,496,530	3.5%	-3.5%	2,327,690

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 2021 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2022 £000
(13,220)	Opening present value of liabilities	(13,138)
(18)	Interest cost	(242)
100	Remeasurement (gains)/losses	(468)
0	Net benefits paid out	868

(13,138)	Closing present value of liabilities	(12,980)
11,933	Opening fair value of assets	11,891
16	Interest income on assets	218
(58)	Remeasurement gains/(losses) on assets	(316)
0	Net benefits paid out	(868)
11,891	Closing fair value of assets	10,925
(1,247)	Net pension asset /(liability)	(2,055)

31 March 2021	Cardiff Bus Defined Benefit Pension Scheme	31 March 2022
£000		£000
(40,435)	Opening present value of liabilities	(40,045)
(56)	Interest cost	(751)
309	Remeasurement (gains)/losses	1,596
137	Net benefits paid out	1,058
(40,045)	Closing present value of liabilities	(38,142)
40,739	Opening fair value of assets	40,694
56	Interest income on assets	765
36	Remeasurement gains/(losses) on assets	(459)
(137)	Net benefits paid out	(1,058)
40,694	Closing fair value of assets	39,942
649	Net pension asset /(liability)	1,800

31 March 2021	Cardiff Bus Defined Benefit Pension Scheme	31 March 2022
%	Assets	%
23.1	Diversified Growth Funds	24.3
23.7	Cash & Liability Driven Investments	21.7
53.2	Bonds	54.0
100.0	Total	100.0

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
Movements in Cost or Values	£000	£000	£000	£000	£000	£000	£000
1 April 2020	650,686	832,653	40,760	19,897	44,540	38,339	1,626,875
Additions	17,222	17,204	10,146	0	34,010	50,278	128,860
Revaluations Increases/(Decreases) recognised in the RR*	25,562	172	0	0	(1,100)	0	24,634
Revaluations Increases/(Decreases) recognised in the SDPS**	(68,495)	(697)	0	0	(192)	0	(69,384)
Impairment Losses/Reversals to RR	0	(233)	0	0	0	0	(233)
Impairment Losses/Reversals to SDPS	(166)	(23)	0	0	(2,874)	(1,483)	(4,546)
Derecognition - Disposals	(55)	(120)	(10,550)	0	(898)	0	(11,623)
Reclassified (to)/from Held for Sale	0	(23)	0	0	1,000	0	977
Other Reclassifications - Transfers	6,028	2,324	9,074	0	200	(20,280)	(2,654)
31 March 2021	630,782	851,257	49,430	19,897	74,686	66,854	1,692,906
Additions	28,529	27,589	16,678	727	8,928	56,727	139,178
Revaluations Increases/(Decreases) recognised in the RR	11,734	4,629	0	0	(839)	0	15,524
Revaluations Increases/(Decreases) recognised in the SDPS	(30,337)	(50,081)	0	(96)	(5,459)	0	(85,973)
Impairment Losses/Reversals to RR	0	(541)	0	0	(40)	0	(581)
Impairment Losses/Reversals to SDPS	600	(1,374)	0	0	(560)	(36)	(1,370)
Derecognition - Disposals	0	(781)	(3,451)	0	0	(36)	(4,268)
Reclassified (to)/from Held for Sale	0	0	0	0	395	0	395
Other Reclassifications - Transfers	12,292	6,592	2,280	3,048	(803)	(34,289)	(10,880)
31 March 2022	653,600	837,290	64,937	23,576	76,308	89,220	1,744,931
Movements in Depreciation/Impairment							
1 April 2020	20,812	28,569	25,187	0	0	0	74,568
Depreciation Charge	9,324	22,123	6,325	0	0	0	37,772
Depreciation written out on Impairment	0	(25)	0	0	0	0	(25)
Depreciation written out to the RR	0	(9)	0	0	0	0	(9)
Depreciation written out to the SDPS	(20,811)	(409)	0	0	0	0	(21,220)
Derecognition - Disposals	0	(120)	(10,550)	0	0	0	(10,670)
Reclassifications - Transfers	0	(17)	0	0	0	0	(17)
31 March 2021	9,325	50,112	20,962	0	0	0	80,399
Depreciation Charge	9,534	22,841	8,317	0	0	0	40,692
Depreciation written out on Impairment	0	0	0	0	0	0	0
Depreciation written out to the RR	0	(17,093)	0	0	0	0	(17,093)
Depreciation written out to the SDPS	(9,324)	(32,939)	0	0	0	0	(42,263)
Derecognition - Disposals	0	(781)	(3,440)	0	0	(36)	(4,257)
Reclassifications - Transfers	600	0	0	0	(600)	0	0

31 March 2022	10,135	22,140	25,839	0	(600)	(36)	57,478
Net Book Value							
At 31 March 2021	621,457	801,145	28,468	19,897	74,686	66,854	1,612,507
At 31 March 2022	643,465	815,150	39,098	23,576	76,908	89,256	1,687,453

*RR Revaluation Reserve

**SDPS Surplus or Deficit on Provision of Services

2020/21	Net Book Value	2021/22
285,682	Infrastructure Assets	304,749
1,612,507	Other PPE Assets	1,687,453
1,898,189	Total PPE Assets	1,992,202

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:

2020/21		2021/22
£000		£000
289,277	Net Book Value at 1 April	285,682
15,585	Additions	33,063
(20,415)	Depreciation	(22,701)
1,235	Other movements in cost (Reclassification)	8,705
285,682	Net Book Value at 31 March	304,749

Heritage Assets

2020/21 £000		2021/22 £000
58,616	Balance at 1 April	58,682
66	Additions	167
0	Revaluation increases /(decreases) to RR	0
58,682	Balance at 31 March	58,849

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.

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 and civic regalia - the Council has a collection of paintings, artefacts and civic regalia, much of which is related to local interest. The main items in terms of number and value are collections at the castle reflecting its historic significance and interpretation for visitors. Other items held at public buildings have been accumulated over a number of years. These items are included in the balance sheet at a valuation of £42.594 million undertaken externally as at 1 April 2019, by Mr. A.N. Schoon, Antiques and Fine Art Valuer.

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 the 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:

2020/21 £000		2021/22 £000
178,521	Balance at 1 April	156,238
1,015	Additions	17,180
(26)	Impairment	(12)
(14,807)	Disposals	(50)
0	Reclassified (to) / from Held for Sale	0
1,418	Other Reclassifications	2,175
0	Revaluation increases / (decreases) to RR*	0
(9,883)	Revaluation increases / (decreases) to SDPS**	(24,813)
156,238	Balance at 31 March	150,718

* 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:

2020/21 £000		2021/22 £000
(11,059)	Rental income from investment property	(10,318)
4,439	Direct operating expenses arising from investment property	3,273
(6,620)	Net (gain) / loss	(7,045)

Intangible Assets

Movements in intangible assets during 2021/22 are summarised as follows:

2020/21 Total £000		2021/22		
		Other Intangible Assets £000	Intangible AUC £000	Total £000
	Cost or Valuation		0	
10,559	Balance at 1 April	4,418	0	4,418
302	Additions	352	0	352
(6,443)	Derecognition - Disposals	(30)	0	(30)
4,418	Balance at 31 March	4,740	0	4,740
	Amortisation		0	
8,267	Balance at 1 April	2,707	0	2,707
884	Amortisation	928	0	928
(6,444)	Derecognition - Disposals	(30)	0	(30)
2,707	Balance at 31 March	3,605	0	3,605
	Net Book Value:			
1,711	Balance at 31 March	1,135	0	1,135

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.

2020/21		2021/22
£000		£000
848,897	Opening Capital Financing Requirement*	858,757
	Capital Expenditure:	
144,445	Property, Plant and Equipment	172,241
66	Heritage Assets	167
351	Assets Held for Sale	137
1,015	Investment Properties	17,180
302	Intangible Assets	352
7,985	Loans / Equity	7,751
12,132	Expenditure on REFCUS	19,306
	Sources of Finance:	
(6,455)	Capital Receipts	(3,781)
(95,296)	Government grants and other contributions	(136,674)
(3,373)	Direct revenue contributions and reserves	(3,940)
(49,312)	Prudent revenue and capital provision for loan repayment	(45,547)
(2,000)	Amendment for Reduction in Landfill Provision	0
858,757	Closing Capital Financing Requirement*	885,949
	Explanation of movements in year:	
2,607	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	2,437
7,253	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	24,755
9,860	Increase in Capital Financing Requirement	27,192

*This includes a notional amount in respect of Landfill provision of 2020/21 £17.348 million and 2021/22 £16.329 million for landfill restoration and after care. Where future cost estimates are reviewed, this results in either an increase or decrease in the provision.

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).

Depreciation, impairment charges and finance lease charges included in the Comprehensive Income and Expenditure Statement are accounting charges. 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.

2020/21		2021/22
£000		£000
24,714	Council Fund provision	31,523
13,396	Housing Revenue Account provision	13,015
38,110	Prudent revenue provision	44,538

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.

2020/21		2021/22
£000		£000
	Expenditure:	
4,181	Housing Improvement Grants	5,117
4,403	Buildings not owned by Cardiff Council	9,837
1,244	Grants awarded (not Housing Grants)	4,352
2,304	Repayment of Grant	0
12,132	Charged to Income and Expenditure Statement	19,306
	Funded by:	
(7,734)	Grants and Contributions	(16,613)
(4,398)	Borrowing, Receipts and other Capital Resources	(2,693)
(12,132)		(19,306)

Significant Capital Expenditure contractual commitments

At 31 March 2022, the significant capital expenditure commitments scheduled for completion in 2022/23 and future years is shown below (£92.940 million 2020/21):

Capital Scheme	£000
Fitzalan High School	20,295
Lydstep Flats Recladding	14,756
Cardiff Heat Network	12,750
Cardiff Living - Eastern High	12,427
New Build Scheme - St Mellons Centre	12,138
New Build Scheme - Maelfa	9,862
Ice Arena Acquisition	5,950
City Centre East - Churchill Way/Canal	5,420
Pre- Contract Service Agreement - Cardiff Arena	4,290
Cycleways Cathays Terrace/Whitchurch Rd	3,978
New Build Scheme - Iorwerth Jones Centre	3,842
LED Residential	2,893
Cardiff Living - Highfields	2,752
New Build Scheme - Wakehurst Place	2,119
ISV Site 2 Land Acquisition	1,550
Llanishen High School Autism Unit	1,179

Tudor Street Environmental Improvements	934
Cardiff Living - Howardian	623
Total	117,758

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 2021				31 March 2022		
Long Term	Short Term	Total		Long Term	Short Term	Total
£000	£000	£000		£000	£000	£000
			Amortised Cost :			
0	98,862	98,862	Investments - Principal	0	210,012	210,012
0	20	20	Investments - Accrued Interest	0	93	93
0	34,450	34,450	Cash and Cash Equivalents	0	23,718	23,718
0	0	0	Cash and Cash Equivalents Accrued Interest	0	33	33
0	133,332	133,332	Total Investments at Amortised Cost Included in Investments	0	233,856	233,856
14,792	0	14,792	Total Investments at Fair Value through Other Comprehensive Income	24,749	0	24,749
1,285	786	2,071	Loans	2,103	449	2,552
4,666	167,619	172,285	Other Debtors	8,803	183,851	192,654
5,951	168,405	174,356	Total Debtors	10,906	184,300	195,206
20,743	301,737	322,480	Total Financial Assets	35,655	418,156	453,811
			Financial liabilities at Amortised Cost			
(783,666)	(27,013)	(810,679)	Loans (Principal)	(832,819)	(22,802)	(855,621)
0	(8,380)	(8,380)	Loans Accrued Interest	0	(8,509)	(8,509)
(783,666)	(35,393)	(819,059)	Total Borrowings	(832,819)	(31,311)	(864,130)

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. During 2021/22, the Board of Cardiff Bus authorised the issue of additional shares and the Council agreed the acquisition of these shares at a value of £6.6 million (£7 million in 2020/21) as part of the implementation of a financial support package. The fair value of the investment at 31 March 2022 is estimated to be £24.046 million (£14.059 million in 2020/21)

- 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:

- loans to small to medium enterprises including those for town centre regeneration and car loans to eligible Council staff
- grants, income due from service users, partners, deferred capital receipts to be received and offset by an impairment for 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. Where possible and viable, opportunities for early repayment are considered. The carrying amounts below also include accrued interest payable at 31 March 2022 Interest payable for 2021/22 is £8.509 million (£8.380 million in 2020/21).

31 March 2021			Valuation Method - Level	31 March 2022	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(706,478)	(1,011,937)	Public Works Loan Board Loans (PWLB)	Level 2	(770,882)	(983,511)
(51,629)	(77,718)	Lender Option Borrower Option Loans	Level 2	(51,632)	(70,297)
(22,550)	(18,483)	Welsh Government	Level 2	(23,281)	(17,828)
(38,402)	(38,808)	Local Authorities and Other Loans	Level 2	(18,335)	(18,316)
(819,059)	(1,146,946)	Financial Liabilities		(864,130)	(1,089,952)

The fair value of borrowing and financial liabilities is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher 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 2022. An exit price fair value of £1.157 billion 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 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:

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
2020-21 £000				2021-22 £000				
34,020	0	0	34,020	Interest Payable & Similar Charges	34,108	0	0	34,108
0	(376)	0	(376)	Interest and Investment Income	0	(381)	0	(381)
0	0	(148)	(148)	(Gain)/loss arising on Disposal / Derecognition of Financial Assets	0	0	(98)	(98)
0	0	2,283	2,283	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	(3,382)	(3,382)
34,020	(376)	2,135	35,779	Net (gain) / loss for the year	34,108	(381)	(3,480)	30,247

Gains and losses include 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.

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 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 exposure to the Council's customers and from organisations to whom a loan has been provided.

An impairment for bad debt 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.

31 March 2021 £000	Likelihood of Default	31 March 2022 £000
	Deposits are placed only with banks and building societies that have Fitch minimum criteria of F1 (i.e. highest credit quality). Lending is restricted to a maximum amount and duration for each financial institution, also taking into account extent of public ownership and sovereign rating. 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 counterparty exposure at 31 March 2022, the expected credit loss calculated on a historic risk of default basis is 0.01% or £21,409. This is minimal, so no provision for expected credit loss is recognised.	
133,332	Deposits - Banks and Building societies	233,856
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
360	Car Loans	282
	Includes loans to SME's and Town Centre \loans. Where there is deemed to be a risk of non-repayment a provision for impairment is considered.	
1,711	Loans to External bodies	2,269
	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 balance sheet date and any other material factors that could affect the ultimate 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 non-payment is not usually considered necessary The impairment for bad debt in 2021/22 was based on the adjusted age profile disclosed as following :	
13,031	Less than one year	17,123
1,445	1-2 years	1,456
442	2-3 years	614
301	3-4 years	337
115	4-5 years	166
444	Over 5 years	497
15,778	Customers	20,193
151,181	Total	256,600

Liquidity and Refinancing Risk

This is the possibility that the Council may not have funds available to make payments or have to refinance a financial liability at disadvantageous interest rate or terms. The Council has ready access to funds from the financial markets and Public Works Loan Board in order to raise finance. Within its Treasury Management Strategy, limits are set 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 2021 £000	Loans Outstanding	31 March 2022 £000
698,866	Public Works Loans Board	763,077
51,000	Market Lender Option Borrower Option (LOBO)	51,000
22,550	Welsh Government	23,281
38,263	Local Authorities and Other Loans	18,263
810,679	Total	855,621
27,013	Under 12 months	22,803
22,698	12 months and within 24 months	4,459
13,370	24 months and within 5 years	18,187
66,310	5 years and within 10 years	76,638
175,275	10 years and within 20 years	174,522
170,000	20 years and within 30 years	176,800
212,689	30 years and within 40 years	217,888
118,324	40 years and within 50 years	159,324
5,000	50 years and within 60 years	5,000
810,679	Total	855,621

Currently, £29 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	23/05/2022	6 months	21/11/2041
6	23/05/2022	6 months	21/11/2041
6	23/05/2022	6 months	23/05/2067
6	02/09/2022	6 months	23/05/2067
5	15/01/2023	5 years	17/01/2078
22	21/11/2025	5 years	23/11/2065

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.
Fair value of fixed rate financial assets	Interest rate rises will have no material effect on fair value, 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 2021/22 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	409
Increase in interest receivable on investments	(960)
Impact on Income and Expenditure Account	(551)
Increase in interest transferred to other balances and accounts	95
Net (Income)/ Expenditure	(456)

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
Decrease in Fair Value of Fixed Rate Borrowings	(159,381)

Foreign exchange risk

The Council's exposure to loss arising from movements in exchange rates is minimal. Borrowing and investments are carried out only 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 those 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 £41,000 (£45,000 in 2020/21) which are quoted on a recognised stock exchange at 31 March 2022

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 £1.202 million gain or loss being recognised in the Movement in Reserves Statement in terms of valuations for accounts purposes only.

16. Held for Sale Assets

31 March 2021 £000		31 March 2022 £000
1,860	Balance at 1 April	918
351	Additions	137
0	De-recognition	(660)
(36)	Impairment	0
(977)	Reclassified to/(from) Held for Sale	(395)
125	Revaluation increases /(decreases) to RR*	0
(405)	Revaluation increases /(decreases) to SDPS**	0
918	Balance at 31 March	0

*Revaluation Reserve

** Surplus/Deficit on Provision of Services

17. Short Term Debtors

31 March 2021 £000		31 March 2022 £000
101,413	Central Government Bodies	108,295
23,319	Other Local Authorities & NHS Bodies	15,954
43,673	Other Entities and Individuals including Public Corporations	60,051
168,405	Total Short Term Debtors	184,300

18. Cash and Cash Equivalents

31 March 2021 £000		31 March 2022 £000
151	Cash	148
(8,909)	Bank (including cheque book schools)	6,432
43,208	Short-term deposit with banks and building societies	17,171
34,450	Total Cash and Cash Equivalents	23,751

In addition to the above, at 31 March 2022 the Council held £58,000 (£637,000 at 31 March 2021) on behalf of third parties, mainly Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

19. Short Term Creditors

31 March 2021 £000		31 March 2022 £000
(17,786)	Central Government Bodies	(55,691)
(14,801)	Other Local Authorities & NHS Bodies	(10,204)
(96,401)	Other Entities & Individuals incl Public Corporations	(109,950)
(128,988)	Total Short Term Creditors	(175,845)

20. Interests in Other Companies and Other Organisations

The Council has five wholly owned subsidiary companies. 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 four organisations are considered immaterial in terms of both the turnover and the net assets of the group and have therefore been excluded from consolidation in 2021/22. The Council does not depend upon these four 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 Ltd. (Cardiff Bus) (company number 02001229)

Cardiff City Transport Services Ltd. is wholly owned by the Council and was set up in accordance with the provisions of the Transport Act 1985 to run the Council's municipal bus operation.

During the year, the company continued to address a number of challenges in common with the entire public transport industry as a result of the Covid-19 pandemic. This included patronage below pre covid levels impacting on income, cost increases, labour shortages and transport changes in the city. Actions taken during the year to support a transformation programme include:

- Use of the national Bus Emergency Scheme support
- Resizing of the company to meet future challenges
- Investment in modern electric fleet and infrastructure.

The Council agreed in October 2020 to implement a range measures and agreements to address risks to financial viability, allowing the company to implement a turnaround plan to build a more sustainable financial and operational future. Equity of £6.6 million was injected into the company during 2021/22 as part of an approved turnaround plan and emergency support of £1 million provided by the Council at the start of the pandemic was repaid. The Council became the statutory employer of the Cardiff Bus Pension Scheme on 3 March 2021, and the actuarial valuation of the fund as at 31 March 2021 was agreed with the Trustees of the fund as well as addressing a number of legacy issues in protecting member benefits.

The company's audited accounts, which includes any subsidiaries, are summarised below:

31 March 2021 £000		31 March 2022 £000
(41,471)	Turnover and other income	(36,892)
28,800	Operating and other expenditure	32,811
(12,671)	Net (Profit) / Loss before Taxation	(4,081)
342	Taxation	696
(12,329)	(Profit) / Loss after Taxation	(3,385)

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

31 March 2021 £000		31 March 2022 £000
9,739	Bus and other operating assets	26,262
17,822	Current Assets	15,144
(3,962)	Less Current Liabilities	(6,460)
	Creditors: Amounts falling due after more than one year	
(9,540)	Provisions & Long term liabilities	(10,900)
14,059	Total Assets less Liabilities	24,046
	Represented by:	
11,618	Share Capital	18,218
(1,452)	Retained Earnings	1,957
3,893	Revaluation Reserve	3,871
14,059	Net Worth	24,046

During 2021/22 the Council made payments totaling £17.408 million to Cardiff City Transport Services Ltd (£18.207 million in 2020/21), of which £9.617 million related to concessionary fares payments (£9.229 million in 2020/21), and £6.6 million in respect to acquisition of additional equity. The Council also received income of £1.850 million which included repayment of £1 million in financial support from 2020/21 (£89,000 in 2020/21).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £58,000 (£474,000 at March 2021) and a balance due of £210,000 from Cardiff City Transport Services Ltd (£1 million at March 2021).

During 2020/21 and 2021/22, no dividend was paid to the Council.

The company's auditors are Kilsby Williams.

Cardiff Business Technology Centre Ltd. (CBTC) (company number 02074331)

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 Covid restrictions. 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 Council's guarantee to CBTC is to pay costs not exceeding £10 in the event of the company being wound up. The company's audited accounts are summarised below

31 March 2021 £000		31 March 2022 £000
(24)	Net (Profit) / Loss before Taxation	18
9	Less: Taxation	(7)
(15)	(Profit) / Loss after Taxation	11

31 March 2021 £000		31 March 2022 £000
776	Total assets less current liabilities	755
(36)	Provision for taxation	(29)
(29)	Pension Liability	0
711	Total Assets less Liabilities	726
	Represented by:	
386	Retained Profit	402
(29)	Pension Reserve	0
354	Revaluation Reserve	324
711	Net Worth	726

During 2021/22 the Council made payments of £284,000 to CBTC (£326,000 in 2020/21) and received no income (£0 in 2020/21 from CBTC. At year end, there is no balance due to CBTC (£36,000 at 31 March 2021) and no balance due from CBTC (£0 at 31 March 2021).

The company's auditors are Gerald Thomas.

Atebion Solutions Ltd. (company number 10411758)

Atebion Solutions Ltd. is wholly owned by the Council to deliver procurement and commercial services to the public sector. Atebion staff continued to work remotely, enabling a more efficient and effective service for clients by minimising travel time. In common with the wider public procurement sector, challenges of recruitment and employee retention are impacting capacity to take on additional work. The company's audited accounts are summarised below

31 March 2021 £000		31 March 2022 £000
(25)	Net (Profit) / Loss before Taxation	(16)
4	Less: Taxation	3
(21)	(Profit) / Loss after Taxation	(13)

31 March 2021 £000		31 March 2022 £000
34	Total assets less current liabilities	43
(8)	Creditors: falling due after more than one year	(4)

26	Total Assets less Liabilities	39
	Represented by:	
26	Retained Profit	39
26	Net Worth	39

During 2021/22, the Council made no payments (£0 in 2020/21) to Atebion Solutions Ltd and received income of £79,407 (£94,732 in 2020/21) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2021) and a balance due of £68,733 from Atebion Solutions Ltd (£85,256 at March 2021).

The company's auditors are Azets.

Subject to relevant governance and regulatory processes, the Directors and Shareholder Representative are considering adopting Dormant Company Status for Atebion Solutions in 2023/24. If Dormant Company Status is taken forward the company has the financial assets to meet all financial liabilities in full.

Cardiff Heat Network Ltd (company number 13199235)

Cardiff Heat Network Limited is wholly owned by Cardiff Council and was incorporated on 12 February 2021. The company's principal activities are to develop and then run a sustainable heat network across the city which will supply heat to buildings agreed to be connected to the network. A two year period of construction works commenced in January 2022 in respect of the Phase 1 scope, with first live heat supplies expected to be delivered from winter 2024. Whilst global supply chain difficulties and increasing material costs are impacting on the construction programme for the network, these are currently assumed to be mitigated through a fixed price contract. 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 audited accounts are summarised below

31 March 2021 £000		31 March 2022 £000
0	Net (Profit) / Loss before Taxation	15
0	Less: Taxation	0
0	(Profit) / Loss after Taxation	15

31 March 2021 £000		31 March 2022 £000
0	Total assets less current liabilities	15
0	Creditors: falling due after more than one year	0
0	Total Assets less Liabilities	15
	Represented by:	
0	Retained Profit	15
0	Net Worth	15

There were no transactions between Cardiff Council and Cardiff Heat Network Limited for the financial year 2020/21. During 2021/22, the Council made Grant payments of £2.45 million (£0 in 2020/21) to Cardiff Heat Network Ltd and received no income (£0 in 2020/21) from Cardiff Heat Network Ltd. At year end, there is no balance due to or from Cardiff Heat Network Ltd.

The company's auditors are Azets.

Cardiff Waste Limited (company number 02664172)

The company was incorporated in November 1991, to be able 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.

21. Provisions

	Balance 31 March 2021	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2022	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(11,165)	5,269	(4,284)	(10,180)	(2,790)	(7,390)
Ferry Road Landfill	(8,070)	523	0	(7,547)	(367)	(7,180)
Lamby Way Landfill	(10,116)	354	0	(9,762)	(751)	(9,011)
City Deal	(493)	0	(93)	(586)	0	(586)
Other	(239)	141	(829)	(927)	(636)	(291)
Total	(30,083)	6,287	(5,206)	(29,002)	(4,544)	(24,458)

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 next review to take place in 2022/23.

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

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 an arrangement in place with the Cardiff and Vale of Glamorgan Pension Fund whereby it 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 2021		31 March 2022
£000	Pension Strain	£000
(1,471)	Pension Strain due within 1 year	(1,035)
(3,434)	Pension Strain due later than 1 year	(1,296)
(4,905)	Total Pension Strain	(2,331)

23. Deferred Liabilities

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

	Balance 31 March 2021 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2022 £000	Not later than one year £000	Later than one year £000
Commuted Maintenance Sums	(8,441)	757	(308)	(7,992)	(840)	(7,152)
Rent Smart Wales Income in Advance	(3,192)	2,733	(4,810)	(5,269)	(2,800)	(2,469)
Total Deferred Liabilities	(11,633)	3,490	(5,118)	(13,261)	(3,640)	(9,621)

24. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22

2020/21 £000		2021/22 £000
	Grants and contributions credited to the CIES	
(344,468)	Revenue Support Grant	(373,452)
(124,579)	Non-Domestic Rates	(121,062)
(84,215)	Capital Grants	(124,743)
(3,347)	Developers' Contributions	(2,289)
(556,609)	Total	(621,546)
	Credited to Services (Revenue Grants & Contributions)	
(381,231)	Central Government Bodies	(365,870)
(22,822)	Other Local Authorities & NHS Bodies	(24,691)
(3,247)	Other Entities and Individuals including Public Corporations	(4,557)
(407,300)	Total	(395,118)

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 will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2021	Revenue Grants and Contributions Receipts in Advance	31 March 2022
£000		£000
(17,547)	Central Government Bodies	(15,560)
(15)	Other Local Authorities & NHS Bodies	0
(446)	Other Entities and Individuals including Public Corporations	(961)
(18,008)	Total	(16,521)

31 March 2021	Capital Grants Receipts in Advance	31 March 2022
£000		£000
(13,797)	Central Government Bodies	(11,431)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
(13,797)	Total	(11,431)

The below table represents amounts received predominantly from developers and other external sources, which are yet to be used to fund specific future expenditure.

31 March 2021	Capital Contributions Receipts in Advance	31 March 2022
£000		£000
(17,430)	Balance as at 1 April	(22,155)
(8,558)	Contributions received during the year	(3,589)
3,495	Contributions applied to expenditure during the year	3,314
338	Reclassification	42
(22,155)	Balance as at 31 March	(22,388)

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 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000
COUNCIL FUND AND HRA BALANCES				
Council Fund Balance	14,255	0	0	14,255
Housing Revenue Account Balance	15,502	0	0	15,502
Total Council Fund and HRA Balances	29,757	0	0	29,757

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 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
SCHOOLS BALANCES					
Schools Reserves	21,714	12,323	(667)	33,370	The net position on individual school balances, comprising surpluses, deficits and the overall deficit on the Mutual Supply Fund
Cathays HS – Maintenance of Playing Field	3	0	0	3	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	925	197	0	1,122	The overall balance held on the mutual scheme for repairs to school buildings
	22,642	12,520	(667)	34,495	
SCHOOLS RESERVES					
Out of School Childcare	118	4	(37)	85	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 Catering	256	734	0	990	Schools Catering Service, including kitchen improvements and cashless transaction system
Schools Formula Funding	2,091	1,872	(415)	3,548	Unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Schools Organisational Plan	1,160	11,367	(9,592)	2,935	Manage the cash flow implications of the Schools Organisational Plan financial model
	3,625	13,977	(10,044)	7,558	
OTHER COUNCIL RESERVES					
Adults Social Care	1,182	2,233	0	3,415	Service specific pressures and to enhance financial resilience
Apprenticeships and Trainees	513	326	(220)	619	Corporate Apprentice Scheme
Bereavement Services	347	618	(813)	152	Planned programme of refurbishment and improvement
Building Control Regulations	49	147	0	196	Smooth effects of future deficits within ring fenced building control account
Bute Park Match Funding	73	0	0	73	Match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement
Capital Business Case Development	0	900	0	900	Development of capital business cases
Cardiff Academy Training	78	0	0	78	Support initiatives undertaken in connection with the Academy
Cardiff Capital Region City Deal	216	0	(15)	201	Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal
Cardiff Dogs Home Legacy	252	269	(139)	382	Donations left to Cardiff Dogs Home to be used for improvements to the home
Cardiff Enterprise Zone	2,364	1,351	(1,475)	2,240	Cardiff Enterprise Zone in future years
Central Market Works	247	0	(62)	185	Works at Cardiff Central Market and as potential match funding for external grants bids
Central Transport Service	177	919	0	1,096	Central transport vehicle service
Children's Services	950	3,891	0	4,841	Enhance resilience
City Events and Recovery	1,000	0	0	1,000	Post pandemic recovery
City Wide Management and Initiatives	746	2,266	0	3,012	City wide management and initiatives including supporting marketing and infrastructure
Community Based Services Transition	121	0	(16)	105	Better integration of community facilities across the public sector
Community Initiatives	1,237	543	(13)	1,767	Initiatives arising from the legacy of the Community First Programme
Connect to Cardiff Refurbishment	10	0	0	10	Expansion due to new and changing regulations
Corporate Events and Cultural Services	830	2,361	(198)	2,993	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	636	0	0	636	Corporate landlord functions across the Council in order to provide a cohesive and commercial operating model
Corporate Recovery Risk	2,250	2,000	0	4,250	Mitigate risk of transition post pandemic
Cost of Living Support	0	2,194	0	2,194	WG discretionary grant for cost of living support

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Covid-19 Council Tax Reduction Scheme pressures	2,000	2,153	0	4,153	Medium term increases in Council Tax Reduction Scheme expenditure
Demand Pressures	0	4,652	0	4,652	Financial resilience to help manage demand volatility and uncertainty
Digital Transformation	3,203	0	(261)	2,942	Investment to deliver new ways of working
Discretionary Rate Relief	100	0	0	100	Non-Domestic Rates due diligence
Emergency Management, Safeguarding & Prevent	139	0	0	139	Preventative measures in relation to safeguarding, the Prevent agenda and emergency management
Employee Changes	8,726	0	(313)	8,413	Costs associated with voluntary redundancy and other employee costs in future years
Empty Homes & Housing Needs	0	1,223	0	1,223	Housing needs including activities relating to investing in empty homes and bringing them back in use
Energy Conservation (One Planet Cardiff)	150	1,100	(5)	1,245	Energy conservation initiatives
Energy Market Volatility	336	1,000	0	1,336	Expected fluctuations in the cost of energy
Family Guarantor	339	0	0	339	Guarantor for landlords and aid the transfer of families from temporary accommodation into permanent homes
Flatholm	7	0	0	7	Initiatives and repairs and renewals
Fraud Detection	44	0	0	44	Supplement staffing and other costs associated with fraud detection
Governance and Legal Services	185	0	(45)	140	Future Governance & Legal Services initiatives, including projects in connection with ICT upgrades
Harbour Authority Project and Contingency Fund	126	0	(22)	104	Improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay
Highways Section 278	342	0	(78)	264	Highway investment
Homelessness	1,812	440	(11)	2,241	Increases in homelessness pressures
Housing Support	758	0	(24)	734	Improve sustainability by maintaining the independence of people in their own homes
ICT Holding Account	716	0	0	716	Future business process improvement initiatives and other future ICT initiatives
Inspectorate Support	1,008	100	0	1,108	Consultancy for inspections and regulatory environment
Insurance	7,449	470	0	7,919	Protect the Council from future potential insurance claims
Invest to Save	261	0	0	261	Used in connection with revenue invest to save schemes.
Joint Equipment Store	305	210	0	515	Offset deficits or one off expenditure items in the pooled budget, in future years
Local Development Plan	338	62	0	400	Local Development Plan and any potential appeals or judicial reviews
Major Projects	480	750	(224)	1,006	Major Projects

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Members Development	61	170	(61)	170	Members' ICT software
Municipal Election	797	200	(117)	880	Local elections
Municipal Mutual Insurance	935	0	0	935	Liabilities to pay a percentage of claims previously settle by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims
New Theatre Repairs	0	210	0	210	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	4,536	3,742	(6,293)	1,985	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	1,802	155	0	1,957	Premises funding requirements
Rentsmart Wales	458	0	(117)	341	Training and service delivery in respect of Rentsmart Wales
Resources	2,255	1,440	(441)	3,254	Areas within the Resources Directorate particularly where transition to methods of operation are required
Roads Maintenance	1,033	0	(1,033)	0	Future road maintenance improvements
Schools ICT Infrastructure	0	171	0	171	Cyclical replacement of Schools ICT in order to ensure equipment and infrastructure is current and avoid obsolescence
Scrutiny Development and Training	118	0	0	118	Scrutiny member development and training
Shared Regulatory Service	0	108	0	108	Future flexibility in relation to the Council's costs of the Shared Regulatory Service
Social Care Technology	655	0	0	655	Social care ICT developments
Social Care Worker Mobility	0	600	0	600	Increase domiciliary support service capacity in conjunction with decarbonisation of services
South East Wales Construction Framework	975	510	(232)	1,253	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities
Strategic Budget	7,147	0	(751)	6,396	Financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan
Treasury Management	9,025	4,300	(2,007)	11,318	Management of risk in relation to major projects and to offer some protection and flexibility to the wider capital programme
Wales Interpretation and Translation Service	320	99	0	419	Manage in-year fluctuations in funding and financial performance of the service

	Balance	Contributions		Balance	Purpose of the Reserve / To fund:
	31 March 2021 £000	From Revenue £000	To Revenue £000	31 March 2022 £000	
Waste Management	311	872	0	1,183	Initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs
Welfare Reform	2,144	420	(55)	2,509	Mitigate pressures and reduced funding within the Housing Benefit Service following the transfer of services to DWP, as part of the rollout of the Universal Credit Scheme
Youth and Community Education	787	420	(255)	952	Costs connected with the refurbishment of youth centres
	75,537	45,595	(15,296)	105,836	
SHARE OF JOINT COMMITTEE RESERVES					
Cardiff Capital Region City Deal (CCRCD)	700	2,428	(5)	3,123	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal
	700	2,428	(5)	3,123	
Total Council Fund Reserves	102,504	74,520	(26,012)	151,012	
HRA RESERVES					
Housing Development Resilience	250	250	0	500	Improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	3,021	6,001	0	9,022	Housing repairs and to mitigate against risk within the construction industry
Housing Supply Increase	0	636	0	636	Increase housing stock and improve resilience within the Housing Development Capital Programme
Welfare Reform	429	0	0	429	Project costs and scheme development to address issues for council tenants due to benefit cap and universal credit
Total HRA Reserves	3,700	6,887	0	10,587	
TOTAL EARMARKED RESERVES	106,204	81,407	(26,012)	161,599	

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.

2020/21 £000		2021/22 £000
599	Operational costs / Parking and Permits	776
5,481	Enforcement service	6,279

6,080	Total Expenditure	7,055
(1,364)	On-street pay car parking fees	(3,130)
(272)	Off-Street car parking fees	(808)
(366)	Residents parking permits	(441)
(1,003)	Penalty charge notices	(1,903)
(2,417)	Moving Traffic Offences	(3,046)
(115)	Camera Car	(449)
(22)	Traffic Enforcement Centre	(6)
(23)	Other income	(31)
(5,582)	Total Income	(9,814)
498	Civil Parking Enforcement Net (Surplus)/Deficit	(2,759)
(9,067)	Covid-19 LG Hardship Fund/Job Retention Scheme	(983)
(8,569)	Revised Civil Parking Enforcement Net (Surplus)/Deficit	(3,742)
	Appropriations to Parking Reserve:	
2,115	Balance 1 April	4,536
8,569	Contributions from CPE	3,742
(6,148)	Contributions to revenue*	(6,293)
4,536	Balance 31 March	1,985

* Although income levels improved significantly in 2021/22 following the lifting of covid restrictions, they remained in place during April and May 2021 resulting in a £0.983 million reimbursement from Welsh Government Hardship Fund. This is included in the trading surplus of £3.742 million. Eligible expenditure totalling £6.293 million was drawn down from the reserve leaving a balance of £1.985 million at 31 March 2022. The drawdown included a budgeted sum of £5.935 million to support a range of Council services, including ongoing support and improvements to transport, parking, highways and environmental services. It also included specific drawdowns to support various improvement schemes and initiatives approved by the Director of Planning, Transport & Environment in consultation with the relevant Cabinet Member.

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.

2020/21 £000		2021/22 £000
10,906	Balance as at 1 April	8,673
	Movements during Year:	
15,397	Sale of Land, Buildings and other assets	2,649
25	Recoupments of grant/other	323
15,422		2,972
(6,455)	Finance Capital Expenditure	(3,781)
(11,200)	Provide for Repayment of External Loans	(1,009)
0	Other	(15)
(17,655)		(4,805)
8,673	Balance as at 31 March	6,840

25.4 Unapplied Capital Grants

The Usable Capital Receipts Reserve represents grants received without conditions that are to be applied to capital expenditure projects in future years.

2020/21 £000		2021/22 £000
0	Balance as at 1 April	0
0	Transfer of capital grants and contributions to capital grants unapplied	6,972
0	Balance as at 31 March	6,972

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.

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

2020/21 £000		2021/22 £000
288,041	Balance as at 1 April	310,754
0	Adjusting amounts from Capital Adjustment Account	5,182
25,878	Upward revaluation of assets	46,288
(1,342)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(14,253)
24,536	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	37,217
(1,281)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(2,046)
(542)	Accumulated gains on assets sold or scrapped	(103)
(1,823)	Amount written off to the Capital Adjustment Account	(2,149)
310,754	Balance as at 31 March	345,822

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 and also revaluation gains accumulated on non-current assets before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

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

2020/21 £000		2021/22 £000
939,914	Balance as at 1 April	947,365
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(62,755)	Charges for depreciation and impairment of non-current assets	(64,762)
597	Reverse previous impairment on revaluation	25,211
(48,700)	Revaluation losses on Property, Plant and Equipment	(68,920)
(884)	Amortisation of intangible assets	(928)
(440)	Movement in Assets Held For Sale	0
(4,398)	Expenditure on REFCUS	(2,692)
(15,218)	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	(616)
(131,798)		(112,707)
1,281	Adjusting amounts to the Revaluation Reserve (including historic cost adjustment)	(3,139)
(130,517)	Net written out amount of the cost of non-current assets consumed in the year	(115,846)
	Capital financing applied in the year:	
6,455	Capital Receipts	3,781
3,373	Direct Revenue Financing	3,940
87,562	Grants and contributions	120,060
38,110	Prudent Revenue Provision	44,538
11,202	Capital receipts to provide for repayment of external loans	1,009
(321)	Reduction in loan debtors	(933)
146,381		172,395
(8,413)	Movements in the value of Investment Properties	(26,632)
947,365	Balance as at 31 March	977,282

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.

2020/21 £000		2021/22 £000
5,008	Balance as at 1 April	5,003
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(5)	Transfers to the Capital Receipts Reserve upon receipt of cash	0
5,003	Balance as at 31 March	5,003

The balance in 2021/22 relates primarily to the deferred payment from disposal of land at Central Square, due in the financial year 2022/23.

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.

2020/21 £000		2021/22 £000
9,267	Balance as at 1 April	6,984
(2,283)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	3,382
6,984	Balance as at 31 March	10,366

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.

2020/21 £000		2021/22 £000
(840,894)	Balance as at 1 April	(1,085,373)
(198,203)	Actuarial gains or losses on pensions assets and liabilities	307,373
(93,109)	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	(128,564)
280	Reversal of amounts accrual in respect of pension strain for future years	2,574
46,553	Employer's pensions contributions and direct payments to pensioners payable in the year	48,654
(1,085,373)	Balance as at 31 March	(855,336)

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.

2020/21 £000		2021/22 £000
(11,580)	Balance as at 1 April	(17,693)
(6,113)	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	639
(17,693)	Balance as at 31 March	(17,054)

26.7 Donated Inventories Account

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

The Council received donated personal protective equipment (PPE) received from NHS Shared Services (NHSS), at nil cost, in order to fulfil its Social Care PPE responsibilities.

2020/21 £000		2021/22 £000
0	Balance as at 1 April	3,211
3,211	Movement in Donated Inventories Account	6,023
3,211	Balance as at 31 March	9,234

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 2022 is £9.107 million (£6.610 million at 31 March 2021).

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 £294,000 to 31 March 2022. The club are

committed to repay the loans in accordance with the contractual terms, however due to the current uncertainties in terms of attendance levels and emergence from Covid impacts, the Council's view is that risks of recovery still remain and the balance due of £1.666 million remains 100% impaired at 31 March 2022. Any balances due are not shown in the financial statements but are identified as a contingent asset to reflect the amounts potentially receivable in accordance with the proposed restructured loan.

In respect to an assessment received from HMRC for purportedly under-declared landfill tax assessment, associated penalties and interest, the Council has a remaining payment on account balance of £749,000.. This is not an admission of liability and if the assessment is changed or cleared, then this will be refunded by HMRC.

Liabilities

As at 31 March 2022 two 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 £25,000 (£311,000 at 31 March 2021) 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 £99,000 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.

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.

The Council and HMRC are continuing discussions with a view to resolving a purportedly under-declared landfill tax assessment received by the Council from 1 April 2015, for waste tipped at Lamby Way Landfill site. HMRC assess that some materials disposed of should have had the standard rate of tax applied rather than a lower rate, the difference in tax rates being £80 per tonne. Given this is a specialist and technical area, the Council has engaged PricewaterhouseCoopers environmental tax specialists to support the Council's approach to demonstrating that materials tipped were eligible for lower rate tax. Subject to this, and relevant HMRC rules, there is the risk that the Council may be required to pay tax and interest on under declared tax. In the event of assessments being upheld, the Council would consider the merits of an appeals or mitigation process. Given the technical nature of the assessment, it remains difficult to evidence the probability that this liability will crystallise.

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. These 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 2022 are shown in note 13.

The Council has committed to acquire Ice Arena Wales from Greenbank by 31/12/2022. For the January to December 2022 trading period for the Arena, the Council has agreed to indemnify Greenbank against any operational losses for Ice Arena, capped at £50,000 for ordinary course of business, or £100,000 in event of another government mandated lockdown linked to Covid-19.

28. Notes to Cash Flow Statement

2020/21		2021/22
£000	Adjust net surplus or deficit on the provision of services for non - cash movements	£000
(112,504)	Depreciation, impairment & amortisation	(109,376)
(46,276)	Charges made for retirement benefits (IAS19) less employers contributions	(77,335)
(15,661)	Carrying amount of non-current assets sold or derecognised	(616)
3,691	Increase/(decrease) in stock	5,920
876	Increase/(decrease) in debtors	20,923
(1,068)	Increase/(decrease) in creditors	(45,177)
(9,884)	Other non-cash items affecting net surplus or deficit on provision of services	(25,552)
(180,826)		(231,213)

2020/21		2021/22
£000	Items in net surplus/ deficit on provision of services that are investing and financing activities	£000
15,417	Proceeds from sale of non-current assets and investments	2,624
87,562	Capital grants/contributions recognised in CIES	127,355
102,979		129,979

2020/21		2021/22
£000	Interest and Dividends	£000
(773)	Interest Received	(235)
34,032	Interest Paid	33,983
0	Dividends Received	0
33,259		33,748

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

There are no events after the reporting period to report.

32. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on 30 March 2023 by the Corporate Director Resources. Post Balance Sheet events have been considered up to this date.

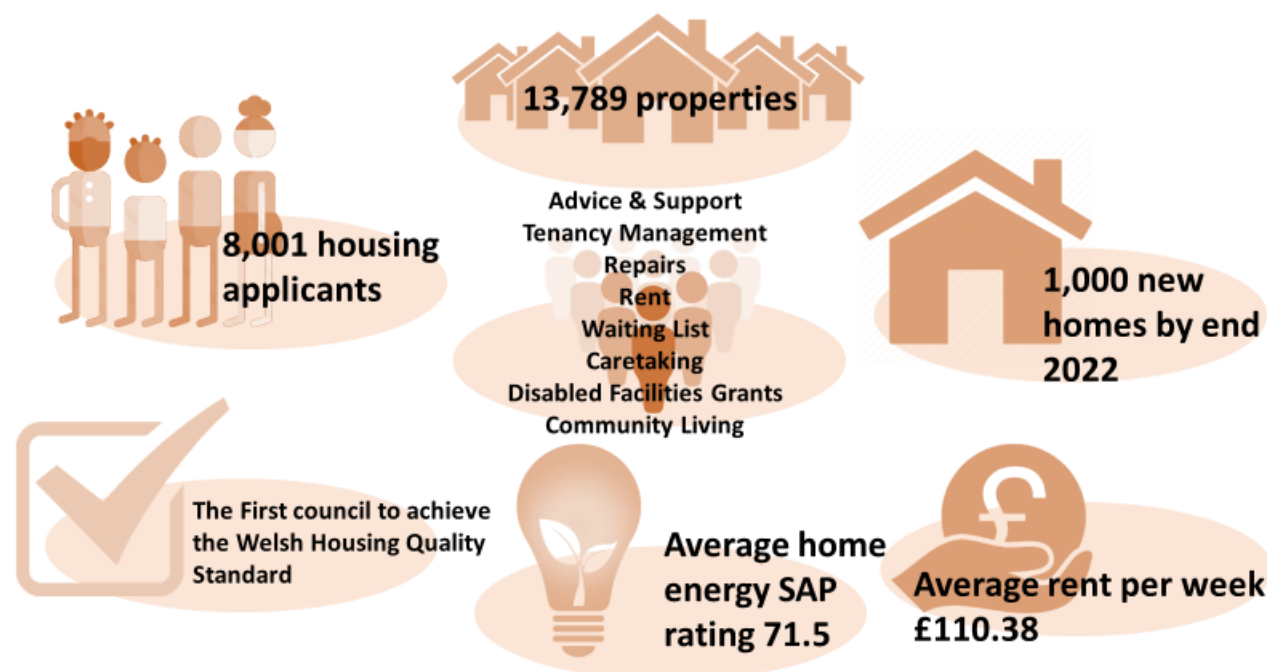


Housing Revenue Account



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 and maintenance of Council dwellings. This is termed the Housing Revenue Account (HRA).



A 30-year business plan and financial model, completed on an annual basis for submission to Welsh Government, provides financial forecasts, performance and service information for the HRA. The plan aims to demonstrate the long-term sustainability of the HRA and includes the approach to maintaining the Welsh Housing Quality Standard, energy efficiency, remodelling homes, estate regeneration, fire 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.

The most recent tenant satisfaction survey showed:

- 75% of tenants were satisfied with the way the Council deals with repairs
- 80% of tenants were satisfied with their neighbourhood as a place to live

Risks and Financial Outlook

The HRA records income and expenditure in relation to Council Housing stock, including rent, service charges, housing allocations, repairs, capital financing charges and supervision and management.

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.

In the very short term, the Welsh Government five year rent policy approved from 2020/21 onwards provides clarity in respect to rent levels. However significant risk and uncertainty remains in terms of future

impacts of rising prices for the management of existing housing stock and the development of new stock; increasing demand for housing and potential changes in housing standards to improve energy performance.

Financial Performance 2021/22

The Housing Revenue Account reported a balanced position for 2021/22 after a transfer to earmarked reserves of £6.886 million to meet future liabilities and commitments, including contributions to the planned high-rise over-cladding scheme and costs relating to increases in housing stock. The overall position included a reduced spend on repairs and maintenance reflecting the continuing impact of the pandemic with access issues and consequent delays to works. There were also some delays to the capital programme resulting in lower capital financing costs with increased capital grant income for safety measures.

A reduction in rent and service charge income was offset by lower than budgeted provision for bad debts partly as a result of the various rent rescue and support schemes which were made available to tenants to assist with arrears. In addition, there were significant employee vacancy savings and other efficiencies across the functions. Void property levels were 1.49% as a percentage of overall stock (1.29% in 2020/21).

Earmarked reserves and the Housing Revenue Account General Balance are £10.586 million and £15.502 million respectively as at 31 March 2022.

Revenue Expenditure and Funding

Expenditure

Repairs and Maintenance
£25.010 million

Supervision and Management
£33.100 million

Capital Financing Costs **£28.668 million**



Income

Dwelling Rents **£77.684 million**

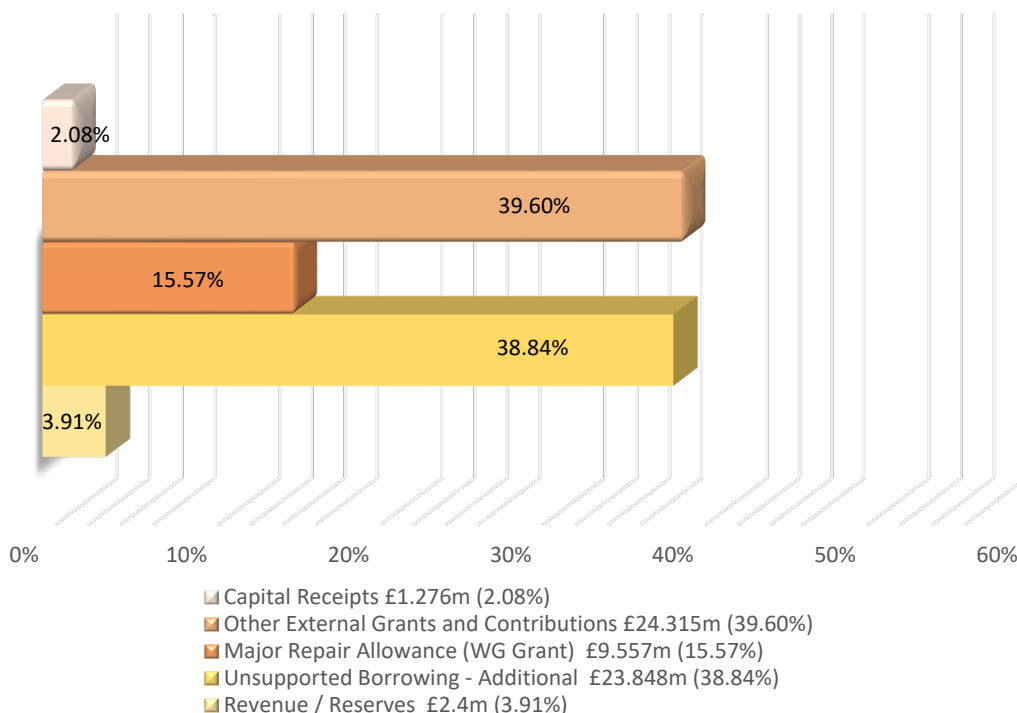
Charges for Services and Facilities **£11.514 million**

Our housing stock is valued in the accounts at £643.465 million. Dwellings were revalued in 2021/22 with the vacant possession value deemed to be £1.718 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 38% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2023/24.

Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets. During the year we spent £61.396 million on estate regeneration, housing stock remodeling, and the fabric of dwellings, disabled adaptations and in the development of new Council Housing.

Funding of Capital Expenditure



The Capital Financing Requirement is a measure of debt in relation to the HRA. At 31 March 2022, this stands at £324.739 million; an increase of £23.369 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2022/23 HRA Revenue budget and MTFP approved by Council March 2022. All borrowing must be affordable both now and, in the future, as it will be required to be repaid with interest.

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.

2020/21		Note	2021/22
£000			£000
	Management and maintenance comprising :		
20,798	Repairs and maintenance		25,010
29,165	Supervision and management		33,100
245	Rents, rates, taxes and other charges		291
(60)	Provision for bad and doubtful debts		372
60,293	Depreciation, impairment and revaluation losses of non-current assets	8	34,139
457	Movement in Held for Sale Assets		0
1,006	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	3,341
36	Debt management costs		42
111,940	Total Expenditure		96,295
(74,653)	Dwelling rents		(77,684)
(19)	Non-dwelling rents		(63)
(10,309)	Charges for services and facilities		(11,514)
(902)	Sums directed by the Welsh Government that are income in accordance with the Code		(3,310)
(85,883)	Total Income		(92,571)
26,057	Net Cost of HRA Services as included in the Income and Expenditure Statement		3,724
	HRA share of the operating income and expenditure included in the Comprehensive Income & Expenditure Statement:		
(1,521)	(Gain)/loss on sale of HRA non-current assets		(754)
12,658	Interest payable and similar charges		13,211
7	Changes in fair value of investment properties		(62)
0	Interest and Investment income		0
(23,438)	Capital grants and contributions applied		(30,552)
13,763	(Surplus)/Deficit for year on HRA Services		(14,433)

Movement on HRA Balance

2020/21		Note	2021/22
£000			£000
(8,983)	Balance at 31 March brought forward		(15,502)
13,763	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(14,433)
(23,104)	Adjustments between accounting basis and funding basis under regulations	1	7,547
(9,341)	Net (increase)/decrease before transfers to or from reserves		(6,886)
2,822	Transfers to/(from) earmarked reserves		6,886
(6,519)	Increase or decrease in the year on the HRA		0
(15,502)	Balance at 31 March carried forward		(15,502)

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.

2020/21		Note	2021/22
£000			£000
	Adjustments primarily involving the Capital Adjustment Account:		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
11,933	Charges for depreciation and impairment of non-current assets	8	11,345
48,353	Revaluation losses of non-current assets		24,114
(79)	Reverse previous impairment on revaluation		(1,407)
86	Amortisation of intangible assets		86
7	Movement in the market value of investment properties		(62)
457	Movement in Held for Sale Assets		0
(23,438)	Capital grants and contributions applied		(30,552)
104	Sums directed by Welsh Government		31
(2,285)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		43
(13,396)	Prudent Provision for the financing of capital investment		(13,015)
(2,400)	Capital expenditure charged against the HRA		(2,400)
0	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
	Adjustments involving the Revaluation Reserve:		
766	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		(796)
	Adjustments involving the Pensions Reserve:		
6,461	Net Retirement Benefits per IAS19	4	9,510
(4,013)	Employers Contributions to pension schemes		(4,157)
(138)	Pension Strain Accrual – future years		3
	Adjustments involving the Accumulated Absences Account:		
687	Amount by which officer remuneration charged to the HRA Income & Expenditure Account on an accruals basis is different from remuneration chargeable in accordance with statutory requirements		(290)
23,105	Total Adjustments		(7,547)

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 2.51% of the total potential rental income (1.93% in 2020/21). Average rents were £110.38 per week (£106.97 in 2020/21) 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 2021			31 March 2022	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		Rent Arrears		
5,137	3,792	Dwellings	4,720	3,486
259	259	Hostels /Other accommodation	426	426
5,396	4,051	Total Rent Arrears	5,146	3,912
		Other		
101	61	Service charges	88	53
255	255	Tenants recoverables	269	269
356	316	Total Other Arrears	357	322
5,752	4,367	Total	5,503	4,234

During 2021/22 debts totaling £489,000 were written off as irrecoverable (£584,000 in 2020/21).

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:

2020/21 £000		2021/22 £000
6,461	Current service cost	9,510
(4,013)	Cost of employer's contributions plus discretionary benefits	(4,157)
(138)	Pension Strain Accrual - Future Years	3
2,310	Net transfer to Pensions Reserve	5,356

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 2021		31 March 2022
7,341	Houses	7,382
633	Bungalows	634
5,240	Flats/Bedsits	5,253
171	Maisonettes	171
352	Retirement complexes	349
13,737	Total	13,789

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

31 March 2021		31 March 2022
23	Bed spaces in hostels	112
69	Flats in hostels	127
92	Total	239

6. Capital Expenditure and Capital Financing

2020/21		2021/22
£000		£000
290,232	Opening Capital Financing Requirement	301,370
	Capital Expenditure:	
52,625	Property, Plant and Equipment	58,054
0	Intangible assets including intangible AUC	0
0	Investment Properties	0
1,006	Expenditure on REFUS	3,342
0	Appropriation of land	12,536
	Sources of Finance:	
(2,357)	Capital Receipts	(1,276)
(24,340)	Government grants and other contributions *	(33,872)
(2,400)	Direct revenue contributions and reserves	(2,400)
(13,396)	Prudent revenue and capital provision for loan repayment	(13,015)
301,370	Closing Capital Financing Requirement	324,739
	Explanation of movements in year:	
11,138	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	23,369
11,138	Increase in Capital Financing Requirement	23,369

* £9.557 million (£9.511 million in 2020/21) 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 2021/22 were as follows:

- Council Dwellings and Home Purchase Contributions £256,509 (£236,000 in 2020/21)
- Land £0.541 million (£2.142 million in 2020/21)

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.

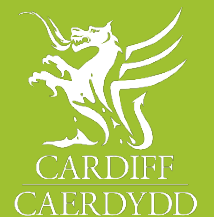
2020/21		2021/22
£000		£000
9,490	Council dwellings	8,933
1,789	Land and buildings	2,117
740	Vehicles, plant & equipment, intangibles, Surplus and AUC	380
12,019	Total Depreciation, Amortisation and Impairment	11,430
47,684	Council dwellings	21,013
590	Land and buildings	1,643
0	Vehicles, plant & equipment, intangibles, Surplus and AUC	52
48,274	Total Revaluation	22,708
60,293	Total	34,139

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

2020/21		2021/22
£000		£000
	Expenditure:	
1,006	Buildings not owned by Cardiff Council	3,222
0	Grants awarded not housing grants	120
1,006	Charged to Income and Expenditure Account	3,342
	Funded by:	
902	Grants and Contributions	3,311
104	Borrowing, Receipts and other Capital Resources	31
1,006		3,342



Group Accounts



Introduction

The group accounts that follow comply with the requirement of the 2021/22 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 2021/22 accounts for Cardiff Bus are in draft status.

The final audited statements for Cardiff Bus for the year ended 2020/21 can be found on the Companies House website and the link [here](#). The accounts for that year included a large technical adjustment in respect of vehicle impairment and also an audit view of material uncertainty related to going concern.

The company, in common with many public transport operators, continues to be significantly impacted by changes in travel patterns since March 2020. In 2021/22, the company repaid £1 million of emergency financial support received from the Council in June 2020 and is in receipt of Welsh Government Bus Emergency support grant along with all other bus operators. The company has continued to prioritise the safety and well-being of staff and our customers and have taken decisive action to protect the long-term sustainability of the business including investing in new fleet.

In March 2021, the Company issued 7 million ordinary shares in return for £7 million in cash from the shareholder, who also took on responsibility as being the statutory and principal employer for the pension fund. The latter followed the entering of a Flexible Apportionment Agreement with company, trustees and Council on 3 March 2021. During 2021/22, the Council injected the final Tranche of £6.6 million of equity into the Company as part of its financial viability and turnaround plan approved by Council in October 2020.

With continued uncertainty in respect of travel patterns, labour shortages, regulatory changes as well as economic and cost factors, it remains difficult to predict the likely return of passenger numbers over the foreseeable future. In response to the challenges faced by the company, it continues to work with partners to review its business planning, cost base and investing in fleet and infrastructure to provide vital services.

The Council also has interests in the following subsidiaries: Cardiff Business Technology Centre (CBTC), Atebion Solutions Ltd and Cardiff Heat Network Ltd. The interests in these organisations are considered immaterial in terms of both the turnover and the net assets of the group. 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 2021/22. 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 City Transport Services Ltd. 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 City Transport Services Ltd. 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.

Goodwill

The Council's interest in its subsidiary dates back to its inception and therefore there is no goodwill to be accounted for.

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

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
18,836	(14,507)	4,329	Corporate Management	30,048	(26,007)	4,041
91,258	(37,826)	53,432	Economic Development	104,509	(45,209)	59,300
379,551	(92,688)	286,863	Education & Lifelong Learning	437,154	(111,419)	325,735
7,915	(1,244)	6,671	Governance & Legal Services	9,634	(2,015)	7,619
8,882	(5,916)	2,966	Harbour Authority	9,314	(5,959)	3,355
111,940	(85,884)	26,056	Housing Revenue Account	96,295	(92,571)	3,724
240,491	(186,579)	53,912	Housing and Communities	249,210	(189,430)	59,780
10,494	(7,281)	3,213	Performance and Partnerships	10,097	(6,793)	3,304
87,898	(52,958)	34,940	Planning , Transport and Environment	100,037	(72,690)	27,347
37,000	(18,415)	18,585	Resources	45,573	(25,730)	19,843
244,435	(59,883)	184,552	Social Services	261,031	(66,997)	194,034
4,967	(9,239)	(4,272)	Summary Revenue Account	259	(4,484)	(4,225)
0	(22,664)	(22,664)	Other Income	0	0	0
1,243,667	(595,084)	648,583	Net Cost of Services	1,353,161	(649,304)	703,857
40,165	0	40,165	Police and Crime Commissioner for South Wales	42,523	0	42,523
446	0	446	Community Council Precepts	458	0	458
18,244	0	18,244	Levies & Contributions	18,632	0	18,632
15,760	(15,081)	679	(Gain)/loss on sale of non-current assets	707	(1,965)	(1,258)
74,615	(15,081)	59,534	Other Operating Expenditure	62,320	(1,965)	60,355
34,148	0	34,148	Interest Payable on debt	34,127	(11)	34,116
18,913	0	18,913	Interest on net defined liability/(asset)	22,180	0	22,180
0	(394)	(394)	Interest & Investment Income	0	(388)	(388)
17,929	(14,345)	3,584	Income and Expenditure in relation to Investment Properties and changes in their fair value	30,453	(12,658)	17,795
0	(148)	(148)	Movement in Financial Instruments	0	0	0
70,990	(14,887)	56,103	Financing and Investment Income & Expenditure	86,760	(13,057)	73,703
0	(87,562)	(87,562)	Recognised Capital Grants & Contributions	0	(127,032)	(127,032)
0	(344,468)	(344,468)	Revenue Support Grant	0	(373,452)	(373,452)
0	(124,579)	(124,579)	Non-Domestic Rates	0	(121,062)	(121,062)
2,135	(230,151)	(228,016)	Council Tax Income	3,081	(240,341)	(237,260)
0	(3,211)	(3,211)	Donated Inventories	0	(6,022)	(6,022)
342	(218)	124	Tax expenses - Corporation Tax	812	0	812
2,477	(790,189)	(787,712)	Taxation & Non-Specific Grant Income	3,893	(867,909)	(864,016)

1,391,749	(1,415,241)	(23,492)	(Surplus)/Deficit on Provision of Services	1,506,134	(1,532,235)	(26,101)
		(25,878)	Revaluation Gains			(46,288)
		1,109	Revaluation Losses			13,671
		233	Impairment losses on non-current assets charged to the Revaluation Reserve			581
		14	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			(90)
		198,203	Actuarial gains/losses on pension assets/liabilities			(307,373)
		3,439	Other gains/losses to be included in the Comprehensive Income and Expenditure			0
		11,159	Group entity adjustment			0
		188,279	Other Comprehensive Income & Expenditure			(339,499)
		164,787	Total Comprehensive Income & Expenditure			(365,600)

The 2020/21 breakdown of the Net Cost of Services has been amended to take account of the changes in structure in 2021/22.

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
Balance at 31 March 2020 carried forward	14,255	54,894	8,983	878	10,906	0	89,916	385,369	4,387	479,672
Movement in Reserves during 2020/21										
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	0	11,163	0	12,329	23,492
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	(177,120)	0	(177,120)
Group entity adjustment	0	0	0	0	0	0	0	0	(11,159)	(11,159)
Total Comprehensive Income and Expenditure	24,927	0	(13,764)	0	0	0	11,163	(177,120)	1,170	(164,787)
Adjustments between accounting basis & funding basis under regulations	22,683	0	23,105	0	(2,233)	0	43,555	(43,555)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	47,610	0	9,341	0	(2,233)	0	54,718	(220,675)	1,170	(164,787)
Transfers to/(from) Earmarked Reserves	(47,610)	47,610	(2,822)	2,822	0	0	0	0	0	0
Increase / (Decrease) in 2020/21	0	47,610	6,519	2,822	(2,233)	0	54,718	(220,675)	1,170	(164,787)
Balance at 31 March 2021 carried forward	14,255	102,504	15,502	3,700	8,673	0	144,634	164,694	5,557	314,885
Movement in Reserves during 2021/22										
Surplus or (deficit) on the provision of Services	8,283	0	14,433	0	0	0	22,716	0	3,385	26,101
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	339,499	0	339,499
Total Comprehensive Income and Expenditure	8,283	0	14,433	0	0	0	22,716	339,499	3,385	365,600
Adjustments between accounting basis & funding basis under regulations	40,225	0	(7,546)	0	(1,833)	6,972	37,818	(37,818)	0	0
Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves	48,508	0	6,887	0	(1,833)	6,972	60,534	301,681	3,385	365,600
Transfers to/(from) Earmarked Reserves	(48,508)	48,508	(6,887)	6,887	0	0	0	0	0	0
Increase / (Decrease) in 2021/22	0	48,508	0	6,887	(1,833)	6,972	60,534	301,681	3,385	365,600
Balance at 31 March 2022 carried forward	14,255	151,012	15,502	10,587	6,840	6,972	205,168	466,375	8,942	680,485

Group Balance Sheet

31 March 2021		31 March 2022
£000		£000
1,907,928	Property, Plant & Equipment:	2,016,110
58,682	Heritage Assets	58,849
156,238	Investment Properties	150,718
1,711	Intangible Non-Current Assets including AUC	1,135
733	Long-term Investments	705
5,951	Long-term Debtors	10,906
0	Deferred tax asset	584
2,131,243	Total Long-Term Assets	2,239,007
98,882	Short-term Investments	212,912
918	Assets held for Sale	0
6,240	Inventories	12,170
172,790	Short-term Debtors	185,213
47,040	Cash and Cash Equivalents	34,527
325,870	Total Current Assets	444,822
(35,393)	Short-term Borrowing	(31,311)
(132,579)	Short-term Creditors	(181,722)
(1,471)	Pension Strain	(1,035)
(4,999)	Provisions	(4,977)
(3,453)	Deferred Liabilities	(4,277)
(177,895)	Total Current Liabilities	(223,322)
(783,666)	Long Term Borrowing	(832,819)
(25,997)	Provisions	(24,988)
(11,111)	Deferred Liabilities	(10,351)
(22,155)	Capital Contributions Receipts in Advance	(22,388)
(18,008)	Revenue Grants Receipts in Advance	(16,521)
(19,494)	Capital Grants Receipts in Advance	(17,404)
(3,434)	Pension Strain	(1,296)
(1,080,468)	Net Pensions Liability	(854,255)
(1,964,333)	Total Long-Term Liabilities	(1,780,022)
314,885	NET ASSETS	680,485
	Financed by:	
14,255	Council Fund Balance	14,255
102,504	Council Fund Earmarked Reserves	151,012
15,502	Housing Revenue Account Balance	15,502
3,700	Housing Revenue Account Earmarked Reserves	10,587
8,673	Capital Receipts Reserve	6,840
0	Capital Grants Unapplied	6,972
144,634	Usable Reserves	205,168
314,647	Revaluation Reserve	349,693
947,365	Capital Adjustment Account	977,282
5,003	Deferred Capital Receipts	5,003
4,543	Financial Instruments Revaluation Reserve	4,540
(1,085,373)	Pensions Reserve	(867,671)
(17,693)	Accumulated Absences Adjustment Account	(17,054)
3,211	Donated Inventories	9,234

31 March 2021		31 March 2022
£000		£000
(1,452)	Reserves (Group Entities)	14,290
170,251	Unusable Reserves	475,317
314,885	TOTAL RESERVES	680,485

Group Cash Flow

2020/21		2021/22
£000		£000
(23,492)	Net (Surplus) /Deficit on the provision of services	(26,101)
(169,498)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(235,082)
102,979	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	129,979
(90,011)	Net cash flows from operating activities	(131,204)
146,391	Purchase of property, plant and equipment, investment property and intangible assets	191,372
23,337	Purchase of short-term and long-term Investments	111,150
(17,098)	Other payments for investing activities	15,560
(15,436)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,649)
(98,976)	Capital Grants and Contributions	(126,516)
38,218	Net cash flows from investing activities	188,917
(3,111)	Cash receipts from short-term and long-term borrowing	(72,479)
20,618	Other receipts from financing activities	(2,487)
3,253	Cash payments for the reduction of outstanding liabilities relating to finance leases	2,233
22,287	Repayments of short-term and long-term borrowing	27,533
43,047	Net cash flows from financing activities	(45,200)
(8,746)	Net (increase)/ decrease in cash and cash equivalents	12,513
38,294	Cash and cash equivalents at the beginning of the reporting period	47,040
47,040	Cash and cash equivalents at the end of the reporting period	34,527

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
2020/21		2021/22
0	60,000-69,999	1
1	70,000-74,999	0
1	75,000-79,999	1
0	80,000-84,999	3
0	85,000-139,999	0
1	140,000-144,999	1
0	145,000-149,999	0
3	Total	6

The year-to-year change in the above remuneration banding is a result of a change to the management structure and the associated part year effects.

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



Trust Funds

During 2021/22, 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.

Norwegian Church Preservation Trust (519831) – The Norwegian Church Preservation Trust was transferred by the Council on the 22nd March 2022 to the Norwegian Church Cardiff Bay Charitable Incorporated Organisation. This new Charitable body enhances the cultural, arts programmes and the links between Wales and Norway of this important visitor attraction on the Cardiff Bay Waterfront.

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 is used by the Council as the site for Cardiff High School.

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 and the Norwegian Church Preservation Trust are required by the Charity Commission to be independently examined. The accounts for the year ended 31 March 2022 have yet to be examined. This is to be undertaken during 2022 within the statutory deadlines.

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. Detailed financial statements may be obtained from:

Christopher Lee
Corporate Director Resources
County Hall
Cardiff
CF10 4UW

	Balance as at 31 March 2021 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2022 £
Funds for which the Council is Sole Trustee					
Llandaff War Memorial Fund	1,418	0	(10)	0	1,408
Maindy Park Foundation	79,394	0	(10)	0	79,384
Norwegian Church Preservation Trust	(122,809)	253,325	(130,516)	0	0
Cardiff Further Education Trust/Craddock Wells	24,604,513	113,585	(32,015)	163,166	24,849,249
Total funds for which the Council is Sole Trustee	24,562,516	366,910	(162,551)	163,166	24,930,041
Funds administered by the Council					
R Fice Memorial Trust	62,683	1,860	(2,173)	1,568	63,938
The Howardian Trust	38,414	808	0	367	39,589
Total funds which are administered by the Council	101,097	2,668	(2,173)	1,935	103,527
Total	24,663,613	369,578	(164,724)	165,101	25,033,568

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



Narrative Report

Introduction

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 since been varied by the Deeds of Variation between the Welsh Ministers and the Council, with the latest dated 28 January 2022.

Review of the Financial Year

For the financial year 2021/22, the Council worked with Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget to the same level as 2020/21 of £4.961 million. The Asset Renewal funding requirement for non-critical assets was £460,000 with no requirement identified within the ten-year asset management programme to replace any critical assets. Subsequent to this, in October 2021, an additional allocation of £100,000 was awarded to cover increased scheme costs. In addition, in January 2022, a further grant award of £249,000 was approved for the delivery of brought forward asset renewal works originally planned for 2022/23. This resulted in a total approved 2021/22 budget for the Cardiff Harbour Authority (CHA) of £5.770 million.

Income above target for harbour dues, site fees and special events was offset by a shortfall on car parking. The position included overspends on litter collection and waste management as a result of increases in volume and subsequent additional costs. Other spend above budget included groundwater control and barrage maintenance which reflected materials and contractor price increases. These variances were largely mitigated by underspends on overheads across the general budget headings

The financial deficit after accounting adjustments for the year ended 31 March 2022 was £2.649 million (£2.734 million in 2020/21).

Total capital expenditure incurred during the year was £704,000 funded by grant and included the purchase of a new patrol and materials handling equipment to undertake statutory duties relating to the management of the Harbour, installation of boardwalk decking and upgrading barrage control equipment.

Key Achievements

Despite another challenging year in 2021-22, as a result of further Covid-19 restrictions, staff achieved a great deal operationally through adaptability, commitment and ingenuity in responding to the situations presented to ensure services could still be delivered where possible. Achievements against the Harbour Authority action plan and performance indicators which form part of the Business Plan reported quarterly to the Welsh Government are:

- Delivered an online water safety project to school with Theatre Na Nog and Arts and Business Culture Step grant to warn of the dangers of swimming and tombstoning in the Bay. An online film was sent to 182 Cardiff and Vale of Glamorgan schools with 4,710 pupils known to have watched the film and made available publicly online with more than 33,000 reach
- Retained Green Flag Status following judging for the Barrage, Cardiff Bay Wetlands and FlatHolm Island
- ISO14001 audit resulted in retention of the award for Cardiff Harbour Authority ensuring excellent environmental management
- 199 tonnes of waste were removed from the rivers and bay
- 75,410 Cardiff Bay Wetlands users throughout the year
- 1,025,131 Barrage users throughout the year
- 20,670 Social Media followers
- Successful high profile four day Titan music event on Alexandra Head in September 2021 with 34,000 attendees generating income and interest in future events
- 99% compliance on Dissolved Oxygen performance indicator for the bay
- Completion of asset Management Plan in conjunction with Welsh Government
- Completion of parts one and two of the Aspiring Managers Correspondence Course for 6 attendees
- Supported delivery of the Cardiff 10k run and Cardiff Half Marathons
- Cardiff Bay Water Activity Centre hosted two Paralympic rowing training camps for the next group of paralympic athletes on their pathway to Paris 2024.

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 394 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 2021/22 and financial position of the Harbour Authority at 31 March 2022.

Christopher Lee
Corporate Director Resources

Date:

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 2022 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 the financial statements:

- give a true and fair view of the financial position of Cardiff Harbour Authority as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and 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. I am 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 narrative 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. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management 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, posting of unusual journals; and
- 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.

-

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Body;
- 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. This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of 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
March 2023

24 Cathedral Road
Cardiff
CF11 9LJ

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 2021/22 financial year and its financial position at 31 March 2022. 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 Non-Current Assets

Intangible assets are those that do not have physical substance but are identifiable and controlled by the Harbour authority. In the case of Computer software and licences, these will be capitalised where they relate 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.

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 disposed of and the carrying value is 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	11-54
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	2-118

Intangible Assets	Amortised Historical Cost	4-7
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	1-15

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

Revaluations:

Land and buildings are revalued as part of a three year 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 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

2020/21		2021/22
£000		£000
	Expenditure	
2,927	Employees	2,975
1,223	Premises	1,354
40	Transport	120
1,461	Supplies and Services	1,601
436	Support Services	434
2	Third Party Payments	3
2,793	Capital Charges	2,826
8,882	Total Expenditure	9,313
	Income	
(5,533)	Government Grants	(4,979)
(232)	Capital Grants Applied	(704)
(383)	Fees and Charges	(981)
(6,148)	Total Income	(6,664)
2,734	Net Expenditure for the Year	2,649

Balance Sheet

31 March 2021		Note	31 March 2022
£000			£000
157,789	Property, Plant and Equipment	2	162,304
56	Heritage Assets	2	56
63	Intangible Assets	2	123
333	Investment Properties	2	483
158,241	Total Long Term Assets		162,966
434	Inventory	3	437
69	Debtors	4	2,719
209	Cash		(2,995)
712	Total Current Assets		161
(926)	Creditors	5	(900)
(926)	Total Current Liabilities		(900)
158,027	Net Assets		162,227
	Funded by:		
153,538	General Reserve	1	150,889
4,489	Revaluation Reserve	1	11,338
158,027	Total Reserves		162,227

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 £104,000 as at 31 March 2022 (£126,000 as at 31 March 2021).

2020/21			2021/22	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
156,272	4,489	Balance as at 1 April	153,538	4,489
(2,734)	0	Movements in Reserves	(2,649)	6,849
153,538	4,489	Balance as at 31 March	150,889	11,338

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
1 April 2020	6,577	1,359	1,103	43	0	9,082	333	56	0
Additions	0	237	0	0	0	237	0	0	79
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	0	0	0
Derecognition - Disposals	0	(193)	0	0	0	(193)	0	0	0
Other Reclassifications - Transfers	0	0	0	0	0	0	0	0	0
At 31 March 2021	6,577	1,403	1,103	43	0	9,126	333	56	79
Additions	0	471	0	0	105	576	0	0	89
Revaluations Increases/(Decreases) recognised in the RR	6,696	0	0	0	0	6,696	0	0	0
Revaluations Increases/(Decreases) recognised in the SDPS	(14)	0	0	0	0	(14)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	(155)	0	0	0
Other Reclassifications - Transfers	(150)	0	0	0	0	(150)	150	0	0
At 31 March 2022	13,109	1,719	1,103	43	105	16,079	483	56	168
Movements in Depreciation/Impairment									

1 April 2020	145	817	0	0	0	962	0	0	0
Depreciation Charge	71	188	0	0	0	259	0	0	16
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	(193)	0	0	0	(193)	0	0	0
At 31 March 2021	216	812	0	0	0	1,028	0	0	16
Depreciation Charge	224	206	0	0	0	430	0	0	29
Depreciation written out to the RR	(153)	0	0	0	0	(153)	0	0	0
Depreciation written out to the SDPS	(62)	0	0	0	0	(62)	0	0	0
Derecognition - Disposals	0	(155)	0	0	0	(155)	0	0	0
At 31 March 2022	225	863	0	0	0	1,088	0	0	45
Net Book Value:									
At 31 March 2021	6,361	591	1,103	43	0	8,098	333	56	63
At 31 March 2022	12,884	856	1,103	43	105	14,991	483	56	123

2020/21	Net Book Value	2021/22
149,691	Infrastructure Assets	147,313
8,098	Other PPE Assets	14,991
157,789	Total PPE Assets	162,304

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:

2020/21 £000	Infrastructure Assets	2021/22 £000
152,173	Net Book Value at 1 April	149,691
35	Additions	39
(2,517)	Depreciation	(2,417)
0	Other movements in cost (Reclassification)	0
149,691	Net Book Value at 31 March	147,313

3. Inventory

31 March 2021		31 March 2022
£000		£000
352	Balance as at 1 April	434
82	Stock adjustment	3
434	Balance as at 31 March	437

4. Debtors

31 March 2021		31 March 2022
£000		£000
0	Central Government Bodies	2,649
69	Trade Receivables	70
69	Total Debtors	2,719

5. Creditors

31 March 2021		31 March 2022
£000		£000
(29)	Central Government Bodies	(133)
(897)	Trade Payables	(767)
(926)	Total Creditors	(900)



Glossary of Accounting Terms



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

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

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 Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

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.

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 and its borrowing and lending activities.

Trust Funds

Funds held in trust which are administered by the Council.