



# Statement of Accounts 2020/21

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*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 2020/21 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 2020/21.

## *Our City*

Cardiff is the Capital City of Wales, covering an area of 140 square kilometres. It is the 11th largest city in the United Kingdom with a population of 367,000 living in approximately 151,000 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. The Council has declared a Climate Emergency, recognising the conclusions of the Intergovernmental Panel on Climate Change. A One Planet Cardiff strategy will set out an ambition for the Council's operations to be Carbon Neutral by 2030, and to work with city wide partners to develop a road map and action plan for a Carbon Neutral City by 2030.

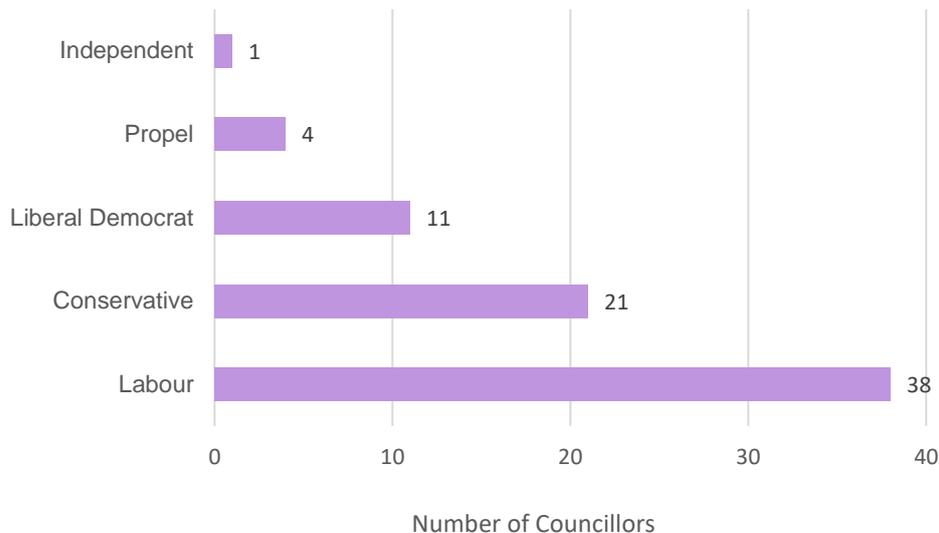
Cabinet agreed a programme of short term action that would support the city economy's transition from lockdown and the short to medium term impact of the economic crisis created by the Covid-19 pandemic and also approved strategic reports addressing long-term city renewal, aligned to the strategic direction of Welsh and UK Governments. The pandemic will lead 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 that will support the future growth of Cardiff's economy, a focus will be on how the city should respond 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.

The City's public services have been enduring a long period of financial austerity. During the past ten years, the Council has delivered almost a quarter of a billion pounds in cumulative savings and reduced the number of its non-school staff by 22%. Looking ahead, the Council must close a budget gap of £85m 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 the post-Brexit and post pandemic world and the Council continues to deliver its agenda for the city

## *Our Democracy*

The Council currently has 75 elected Councillors who represent the people of Cardiff and set the overall policy and budget framework.

## Cardiff Councillors - Political Party Representation



The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. The Council annually selects a Lord Mayor to perform a civic role, promote the city and chair Council meetings. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services.

The role of Cabinet is to:

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

Scrutiny Committees support the work of the Cabinet and the Council by:

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

Regulatory and other committees support delivery of Council services. Council has given the Governance and Audit Committee the responsibility for the review of the Financial Statements for the Council. 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.

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

## *Our 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 constraints.

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.

## Working for Cardiff

All our citizens can contribute to and benefit from the city's success

- Cardiff is a great place to grow up
- Cardiff is a great place to grow older
- Supporting people out of poverty
- Safe, confident and empowered communities

## Working for Public Services

Making sure our public services are delivered efficiently, effectively and sustainably in the face of rising demand and reducing budgets

- Continued Digital First approach to customer services
- Development of skills and confidence across the workforce



## Working for Wales

A successful Wales needs a successful capital city

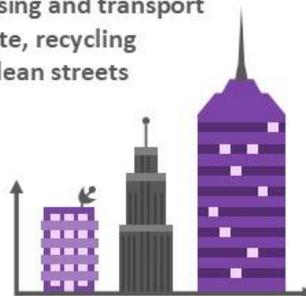
- A connected capital
- A business capital
- An inclusive capital
- A smarter capital
- A sporting and cultural capital



## Working for the Future

Managing the city's growth in a sustainable way

- Housing and transport
- Waste, recycling and clean streets



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 23 March 2021 saw the one year anniversary of the first UK-wide lockdown, but also provided an important opportunity to remember loved ones, family members, friends and work colleagues who have lost their lives due to the virus. The Covid-19 pandemic had a major impact on all local authorities across Wales throughout 2020/21. A focus on essential services was necessary, adapted to current circumstances, but consistent with the principles to:

- Prevent the spread of infection;
- Ensure the health and safety of staff, service users and citizens;
- Prioritise key frontline services and support for vulnerable people; and
- Support the NHS.

The successful rollout of the mass vaccination programme in the city has been crucial and this has been implemented at scale and pace since January 2021 with the Council playing a key role in supporting the programme and the provision of Mass Vaccination Centres. The Council continues to work in close partnership with health colleagues to ensure that council services support the vaccination of vulnerable groups and that the Council's strong links to community leaders, networks and groups is utilised to increase levels of vaccination in all communities across the city.

Facing this uncertain financial environment, the Council took immediate action to ensure it had sufficient financial resources and liquidity to meet commitments. From a financial perspective, the response to the pandemic required the Council to incur additional expenditure, including, for example, spend relating to infection control measures, measures to safeguard the public and employees, support for vulnerable citizens and supplier relief. In addition, income losses have also been substantial, during the period where services have either been closed or have experienced significant reductions in demand or footfall. The Council also played a leading role in coordinating, on behalf of Welsh Government, financial support for local business and regional responses to the pandemic, such as the Track, Trace and Protect (TTP) programme and measures to respond to excess deaths in the region. As well as supporting local businesses, the Council has also had to consider its response to challenges experienced by its own traded services, including access to the UK Government's Job Retention Scheme. As part of its Group Structure, the Council is also the 100% shareholder of Cardiff City Transport Services Ltd. Similar to all public transport providers, the company, which relies significantly on fare paying passengers has seen income significantly reduced and has furloughed employees who were not required to deliver essential services.

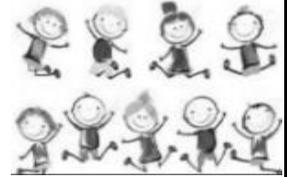
In recognition of the pressures being experienced by local authorities, Welsh Government made various funding streams available, either through a Covid-19 general Hardship Fund or grants for specific purposes. £3.374 million of costs were reimbursed through the Job Retention Scheme and £47.704 million of additional expenditure and £38.155 million of lost income from the Hardship Fund. This left £2.114 million of Covid-19 related expenditure which was absorbed by the Council.

Further information of the financial impact and responses to Covid-19 on the Council's financial outturn position compared to the budget for 2020/21 can be found [here](#).

## Our Performance

### Cardiff is a great place to grow up

- 97.5% of primary school children and 92.3% of secondary school children secured their first three choices of school placement (96.6% and 85% in 2019-20)
- 97.6% of year 11 leavers made a successful transition from compulsory schooling to education, employment or training (all pupils)



### Cardiff is a great place to grow old

- 93% of clients felt they were able to live independently in their homes following support from the Independent Living Service

### Supporting people out of poverty

- The Council has supported 126 employers across Cardiff to become accredited Living Wage Employers, this has increased from 108 organisations in 2019-20
- 119 apprenticeships and traineeships were created by the Council during 2019-20
- 49,756 people accessed 'Into Work' advice to help citizens to develop skills and find employment opportunities



### Safe, Confident and Empowered Communities

- In 2020/21 2,490,498 citizens used our libraries and hubs 98% of customers who agreed with the statement "Overall the Hub met my requirements/I got what I needed"
- 1,113 Council Employees have participated in Welsh language courses and awareness training
- In 2020/21 993 children and adults in need of care and support using the Direct Payments Scheme, this has increased from 966 in 2018-19



### A Capital City that Works for Wales

- In 2020/21 1,845 new and safeguarded jobs were supported across the City

### Cardiff Grows in a Resilient Way

- 15.4% of people in Cardiff used cycling as a mode of transport to travel to work (13.7% in 2018 -19)
- 2.6% of principal A roads were in overall poor condition, this has improved from 3.3% in 2019-20
- 99.4% of reported fly tipping incidents were cleared in 5 working days
- £46 million was invested on improving or building new schools



### Modernising and integrating Our Public Services

- Since its launch the Cardiff App has been downloaded 42,756 times, across both android and iOS devices
- This has seen an increase to 1,896,787 customers choosing to use digital channels to contact the Council on areas such as Council Tax, housing, planning and waste collection. (1,240,299 in 2019-20)
- The Council continues to see an increase in the number of customers choosing to interact via social media channels, with approx. 142,257 followers



## 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.

[Link to be inserted following Council approval in October 2021](#)

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 has had to adapt its governance arrangements during 2020/21 as a result of the impact of Covid-19, with changes including:

- Adaptations to reflect new ways of working and 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 AGS will set out how Covid-19 has impacted 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.

In addition 2020/21 is also a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the impact of Covid-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. As such, the annual review will include the outcome of the assessment undertaken during the year of the extent to which the Council's financial management arrangements comply with the FM Code.

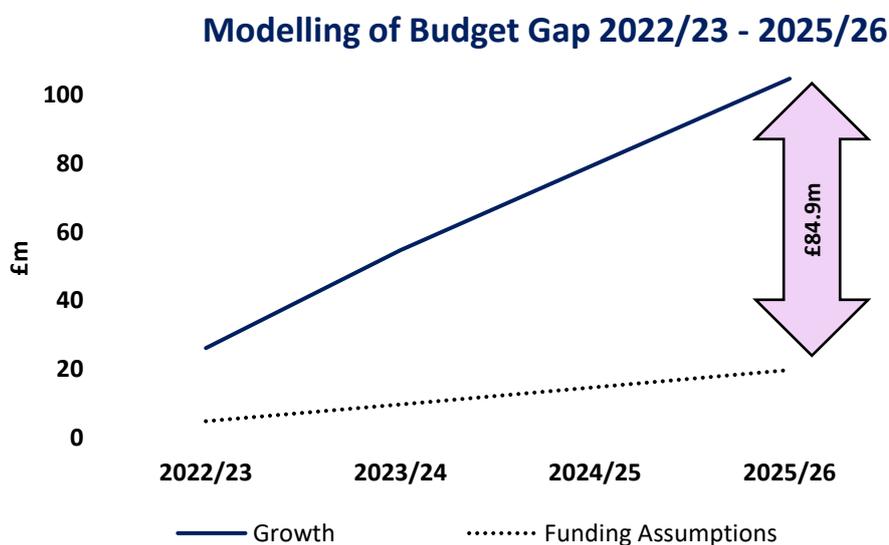
The Council's risk management regime supports the identification, assessment, reporting and management of risks in directorate, corporate, programme and project activities. It involves quarterly risk assessments to support the timely identification and escalation of the Council's most critical risks 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 2021, there are ten corporate risks at a 'red' residual risk status i.e. major or significant consequence is likely without further mitigation. Covid-19 resulted in a change to the environment within which these risks as shown below need to be actively managed.

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.
Financial Resilience
Failure to deliver a balanced annual budget and a fully informed Medium Term Financial Plan which would significantly weaken the financial resilience of the Council.
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

better than anticipated Local Government Settlement in 2021/22, future assumptions recognise the risk that public finances could be tightened as a means of addressing the unprecedented levels of UK debt brought about by the pandemic. Even with a more positive outlook for funding received from Welsh Government, a budget gap of £85 million between 2022/23 and 2025/26 is forecast as part of the medium term financial plan approved in March 2021.



This is due to factors such as employee costs, price inflation, paying for capital projects and demographic pressures for adults and children.

A range of options have been considered in order to address budget gaps in 2021/22 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 the pandemic, 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 2021/22 and Medium Term are available on the Council's website [Budget Proposals 2021/2022](#) and include the key documents below:

- Medium Term Financial Plan (MTFP)
- Housing Revenue Account 2021/22 Budget and MTFP
- Capital Strategy 2021/22
- Treasury Management Strategy

- A financial resilience snapshot which sets out a number of financial indicators and ratios.

## Financial Performance 2020/21

The Council's budget for 2020/21 was approved in February 2020 prior to the onset of the Covid-19 pandemic. 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 £32.597 million in 2020/21 was identified and addressed by a combination of savings measures, use of earmarked reserves, schools' contribution to meeting pressures and a 4.5% Council Tax increase. A net revenue budget of £656.186 million was approved for 2020/21 as well as a Medium Term Financial Plan based on a rolling four-year period from 2021/22 to 2024/25, 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. The final revenue outturn shows expenditure within the overall 2020/21 net revenue budget of £656.186 million. Favourable variances within the Summary Revenue Account enabled contributions to be made to a number of strategic earmarked reserves that will support financial resilience of the Council in the medium term.

Directorate	Net Expenditure Budget £000	Net Expenditure Outturn £000	Variance (Under)/Over r £000
Corporate Management	26,270	26,340	70
Economic Development	8,090	7,582	(508)
Economic Development - Recycling and Neighbourhood Services	30,467	30,467	0
Education and Lifelong Learning	287,258	287,533	275
People and Communities - Housing and Communities	46,526	46,241	(285)
People and Communities - Performance and Partnerships	3,047	2,868	(179)
People and Communities - Social Services	182,338	182,967	629
Planning, Transport and Environment	7,104	7,104	0
Resources - Governance and Legal Services	5,700	6,286	586
Resources	15,636	15,239	(397)
<b>Directorate Outturn Subtotal</b>	<b>612,436</b>	<b>612,627</b>	<b>191</b>
Capital Financing	30,936	31,354	418
General Contingency	3,000	0	(3,000)
Summary Revenue Account Inc. Council Tax collection and NDR refunds and Discretionary Relief	9,814	12,205	2,391
<b>Total Council Outturn</b>	<b>656,186</b>	<b>656,186</b>	<b>0</b>

The final revenue position reflects an overall balanced position, that is, the Council has contained its spending within the £656.186 million budget approved for the year, after transfers to and from earmarked reserves. This position comprised a net directorate overspend of £191,000, a Capital Financing overspend

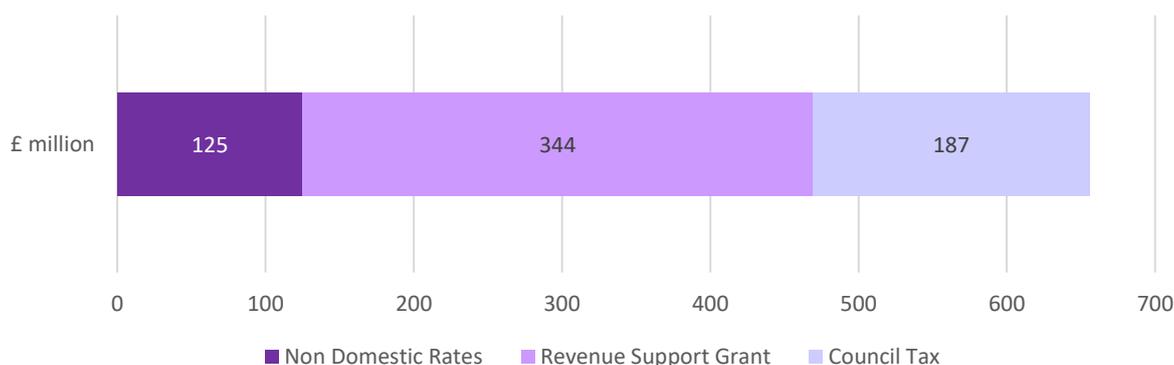
of £418,000, a Council Tax surplus of £1.016 million and a net overspend of £3.407 million against the Summary Revenue Account, offset by the £3 million general contingency budget which was not required to be utilised. It should be noted that the overall position improved throughout the year, as greater clarity was gained in relation to the ongoing impact of the pandemic, but also as WG funding announcements were made.

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 2020/21 totalled £189.469 million of which Cardiff received £124.579 million after redistribution by Welsh Government. The in-year collection rate was 85.58% (96.12% in 2019/20).

Revenue Support Grant of £344.468 million was received from Welsh Government.

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 £187.406 million funds just over a quarter of the Council's net expenditure. The in-year collection rate was 96.06% (96.8% in 2019/20).

How the Revenue budget was paid for



## Housing Revenue Account (HRA)

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

- The council has 13,737 dwellings as at 31 March 2021.
- The average weekly net rent for 2020/21 was £106.97.
- Income including rent and charges for services totalled £85.883 million.
- Revenue expenditure included £20.798 million on repairs and maintenance, £29.165 million on supervision and management and £28.490 million on capital financing costs, including interest, provision for the repayment of debt and towards capital expenditure.

The Housing Revenue Account reported a surplus position of £6.519 million for 2020/21 after a transfer to earmarked reserves of £2.822 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 unbudgeted receipt of grant. This will be used to meet future liabilities and commitments, including any additional repairs and works which may be required to properties particularly as a result of access restrictions in 2020/21 due to the pandemic.

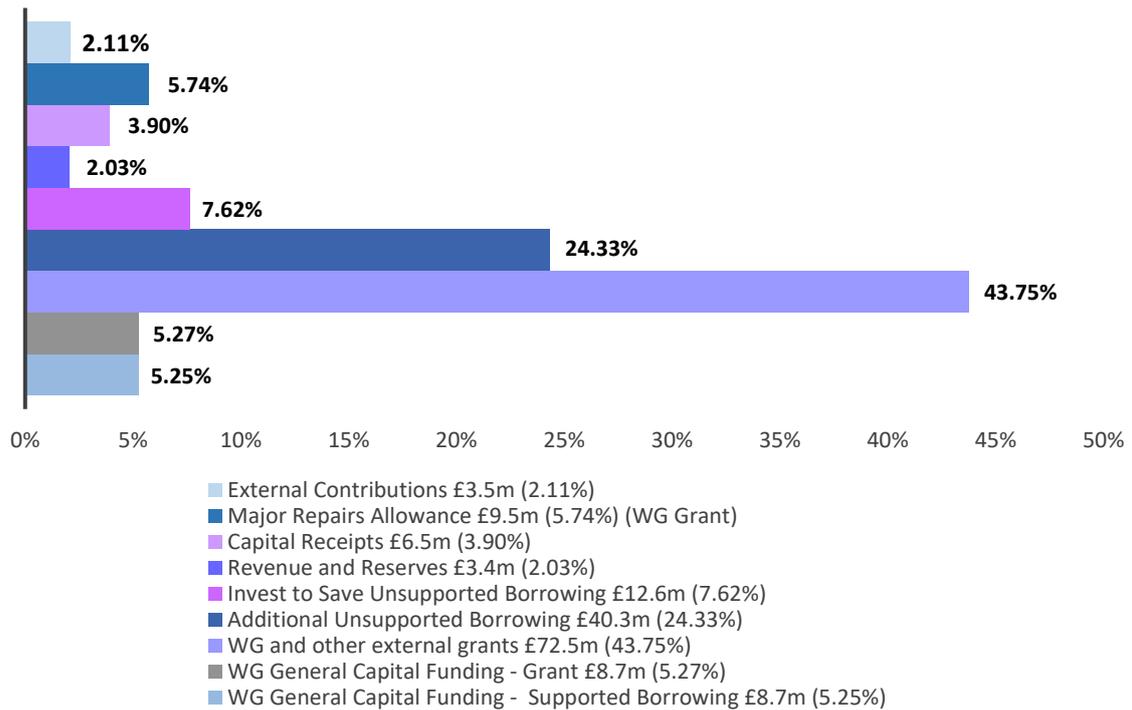
## Capital Expenditure and Funding by the Council

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 £165.7 million.

Schemes	Detail	£m
Business and City Development	Town Centre Loan and acquisition of regeneration sites in Butetown as well as to support the Atlantic Wharf Masterplan.	8.4
Parks, Leisure and Venues	Parks play areas and infrastructure, Leisure buildings maintenance; Play Opportunities and Green Recovery, castle lighting and museum of Cardiff equipment.	3.1
Recycling and Waste Management	Recycling glass waste containers, site and depot infrastructure including new control room and fleet car park and a range of grant funded circular economy schemes.	2.7
Education & Lifelong Learning	21 <sup>st</sup> Century schools band B including new Fitzalan High School and acquisition of site for replacement of Willows High; investment in the condition and suitability of school buildings; schemes for Welsh medium expansion; reducing infant class sizes and Schools ICT.	46.2
Neighbourhood Regeneration, Hubs and Private Housing	Disabled adaptation grants, allowing people to live independently in their homes; environmental improvements; Tudor street commercial improvements; Completion of Whitchurch and Rhydypennau Hubs, transfer of grant.	9.9
Highways & Transportation	Road and footpath reconstruction and resurfacing; public transport and road safety improvements; cycling strategy implementation and expansion of cycle hire and moving traffic offences schemes; investment in active travel and safe routes in communities; design works for city centre air quality measures.	24.5
Corporate	Contribution to City Deal projects, works to relinquish leased buildings and acquisition of equity in Cardiff Bus as part of a financial support package.	8.6
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.	53.6
Other	Modernising ICT to improve business process; harbour asset renewal; new burial site at Thornhill; completion of Lamby Way solar farm, property asset renewal works and vehicle replacement.	8.7
<b>Total</b>		<b>165.7</b>

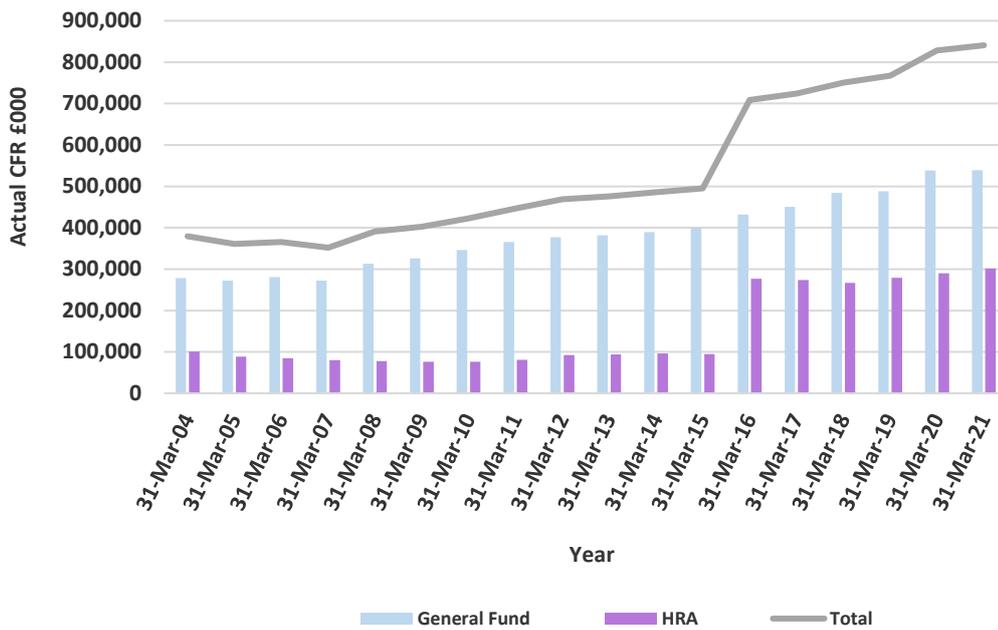
The Council pays for its capital expenditure from a number of sources. This includes borrowing money. Borrowing and any associated interest costs must ultimately be repaid in a prudent way from existing and future income. The Capital Programme was financed from a combination of borrowing (£61.6 million) and from grants, contributions, revenue budgets and sale of assets (£104.1 million). An analysis of the sources of capital funding is shown in the chart below:

## Funding of Capital Expenditure



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

## Capital Financing Requirement Trend

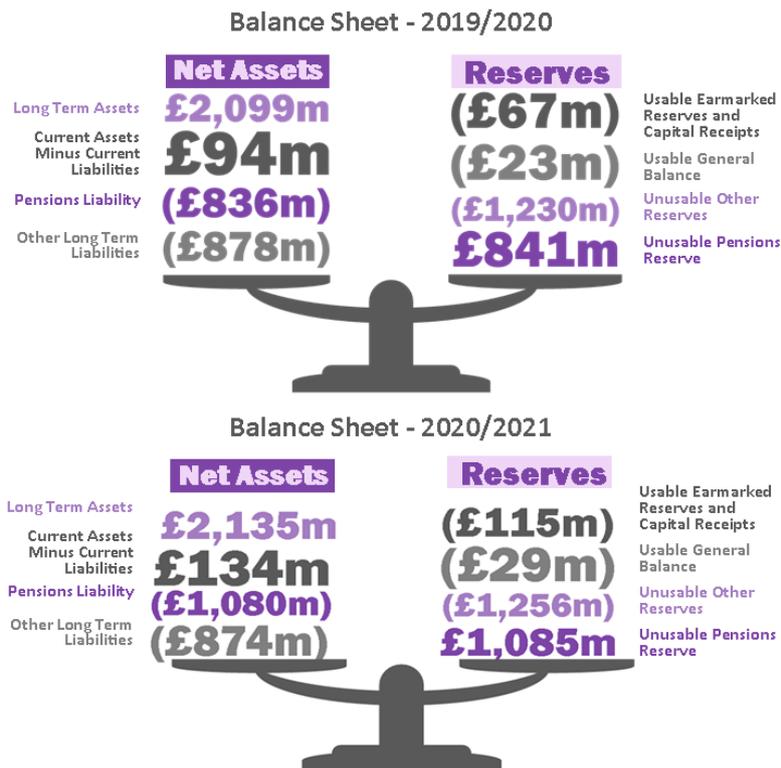


In 2015/16 additional borrowing was taken by the Council and paid to HM Treasury to exit the HRA subsidy system. The CFR and associated financing costs, interest and repayment, of capital investment continues to rise as a percentage of controllable budget. The Council's Capital and Treasury Management Strategies set out a range of indicators for affordability, prudence and sustainability of the Council's capital investment plans.

Each year, a prudent amount is charged to our revenue budgets to reduce this. In the 2020/21 budget proposals report, Council approved a revised Minimum Revenue Provision Policy (MRP), with a specific change in methodology in respect to borrowing supported by Welsh Government through the Revenue Support Grant. The resulting savings have been used to strengthen the Local Authority's financial resilience in respect of capital and treasury, through the development of an Earmarked Treasury Management Reserve.

### *Financial Position*

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



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

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

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

- capital receipts from the disposal of property assets and similar income was £15.422 million
- as part of the Council's rolling programme, revaluations took place during the year for council dwellings, investment properties and surplus assets.

## Financial Assets and Liabilities

Treasury Investment and borrowing activities were undertaken in accordance with regulatory requirements and the Council's Treasury Management Strategy for 2020/21. Investments for treasury management purposes and cash is £133.332 million at 31 March 2021 and is primarily represented by temporary cash balances deposited with financial institutions. The average rate of interest earned for the year was 0.22%.

The Council borrows money to manage its daily cash flows and to pay for capital expenditure. In accordance with the Treasury Management Strategy, borrowing is undertaken to manage the capital financing requirement when deemed necessary to mitigate against the risk of future interest rates rising unexpectedly. The net change in external borrowing during the year was a decrease of £18.1 million. Note 15 of the accounts provides further information on the Council's financial assets and liabilities and the nature and extent of risks involved.

## Provisions

The Council sets aside money for liabilities or losses which are likely to be incurred, but where the exact amount and timing of payment may be uncertain. This includes insurance claims received as well as for landfill aftercare. During 2020/21, total provisions decreased by £134,000 to £30.083 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 £46.250 million.
- The Council's future liability in respect of pension benefits payable, compared to assets held, is £1.080 billion at 31 March 2021. This is based on the latest actuarial assumptions. This has increased by £244.758 million from 2019/20.
- The fund 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.

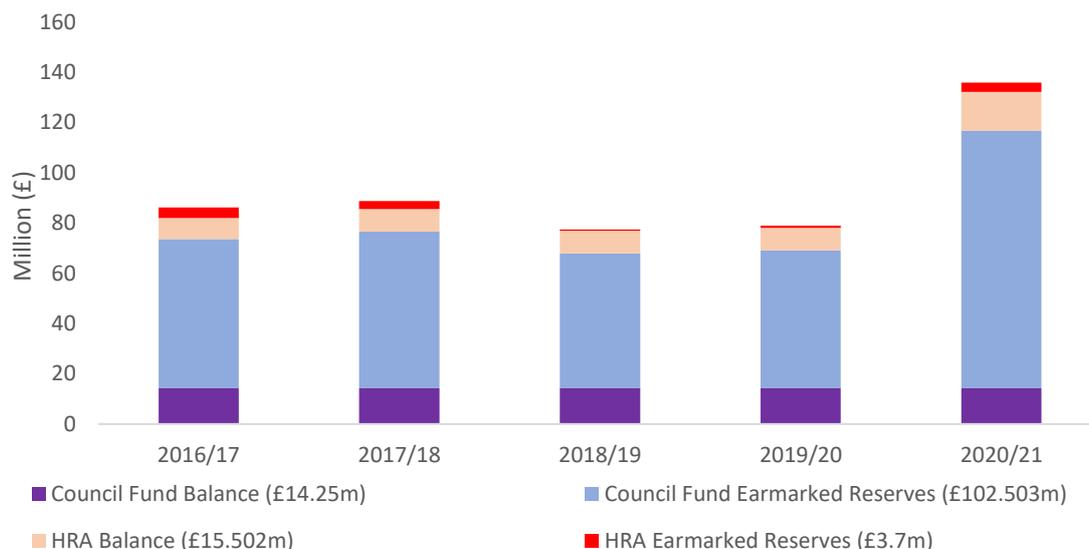
In October 2020, Council considered a report, as 100% shareholder, to invest in the future of Cardiff City Transport Services Limited (trading as Cardiff Bus) and to secure the continuity of bus service provision in the city. It highlighted a range of measures to address the difficulties faced by Cardiff 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 to become the statutory employer of the Cardiff Bus defined benefit pension fund. This means all future liabilities in respect to pension obligations of Cardiff Bus will fall to Cardiff Council in the event the company is unable to meet them. Details of the fund assets and liabilities as at 31 March 2021 are shown in note 13.

## 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 historic level of usable reserves as a percentage of revenue expenditure has been one of the lowest in Wales. Earmarked revenue and other usable reserves are detailed in note 24 of the accounts whilst unusable reserves are shown in note 25.

## Usable Revenue Reserves



## 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 the backdrop of an unprecedented period of uncertainty and risk and I would like to pay tribute to all those in public services working for the City and residents for the hard work and efforts to continue to deliver council services during what has been a very challenging period. Despite in year pressures, the Council was able to remain within its net revenue budget set for 2020/21 with support from the Welsh Government through various grants and Central Government through the Furlough Scheme. Demand for all Council services continues to increase and a continued negative future funding outlook for all local authorities remains a significant risk given the financial challenges the Council faces 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 these 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 as well as earlier preparation of the accounts and consequential audit requirements.

**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 2020/21 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 Rod McKerlich**  
**Lord Mayor**

**Date: 21 October 2021**

### ***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 2020/21 (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 2020/21 and financial position of the Council at 31 March 2021.

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

**Date: 21 October 2021**

# ***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 2021 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 and 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 and 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

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 2021 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 as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

## **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.

## **Emphasis of matter - effects of the COVID-19 pandemic on the valuation of Council Dwellings**

I draw attention to the assumptions made about the future and other sources of estimation uncertainty on page 39 of the financial statements, which describes the impact of the COVID-19 pandemic and the material uncertainty of the valuation of the Council's dwellings provided by the Council's external professional valuers.

My opinion is not modified in respect of this matter.

### **Emphasis of matter - valuation of Council High-Rise Dwellings in the aftermath of the Grenfell fire**

I draw attention to the assumptions made about the future and other sources of estimation uncertainty on page 39 of the financial statements, which describes the material uncertainty in the valuation of the Council's high-rise dwellings provided by the Council's external professional valuers in the aftermath of the Grenfell fire.

My opinion is not modified in respect of this matter.

### **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 2020-21;

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 and posting of unusual journals.

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

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

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

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

### **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  
28 October 2021

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 2021 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 2020/21 (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*

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2021/22 Code. The required date of application and the date that the Council will adopt IFRS 16 is 1 April 2022. 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 will need to be undertaken during 2021/22 to ensure significant lease type arrangements across the Council are identified and accurately 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 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.

## Defined Benefit Schemes

The Cardiff and Vale of Glamorgan Pension Fund is a defined benefit scheme. 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 deemed to represent a condition and 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 valuation 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 3-5 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 2020/21 and Jones Lang LaSalle were appointed for the task.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Rentals received in relation to investment properties are credited to the relevant service line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses 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*
<b>Assets under Construction</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Community Assets</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a
<b>Council Dwellings</b>	Existing Use Value for Social Housing	Every 2 years	2020/21	Savills	2022/23	Land: n/a Buildings: 50 years
<b>Infrastructure</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	7-120 years**
<b>Other Operational Land &amp; Buildings</b>	Existing Use Value or Depreciated Replacement Cost if specialist nature without market-based evidence	Every 3 years	2018/19	Cooke & Arkwright	2021/22	Land: n/a Buildings: 3-65 years
<b>School Assets</b>	Detailed Depreciated Replacement Cost (Modern Equivalent Asset)	Every 3 years	2019/20	Cooke & Arkwright	2022/23	Land: n/a Buildings: 3-54 years
<b>Surplus Assets</b>	Fair Value	Annual Fair Value Check	2020/21	Jones Lang LaSalle	2021/22	n/a
<b>Vehicles, Plant, Furniture &amp; Equipment</b>	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 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. Asset valuations take place with an effective date of 1 April of the financial year and are undertaken by professional valuers.

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 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.

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.

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 earmarked reserves for future policy purposes or to cover contingencies. Certain reserves 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 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 is a high 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 yet sufficient to provide 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 2021 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 a 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, 2020/21 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 will ensure that any changes are captured as soon as possible in the next formal valuation. In addition, included within the valuation of Council Dwellings is a Material Uncertainty Clause in relation to high rise residential buildings, the inclusion of which is based on valuer judgement. This does not suggest that the valuation cannot be relied upon; rather, it is used in order to be clear and transparent that, in extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The balance	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.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	sheet carrying value and the maximum value affected by this disclosure is £15.750 million pending the implementation of solutions, where required, in respect of remedial works to high rise buildings following fire safety measures.	
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 Adjustment Reserve.
Provisions	The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made at the balance sheet date. In most cases these are subject to legal claims, such as those for insurance. Provisions relating to landfill sites are subject to a high level of estimation primarily given the length of period over which they are to be considered. Professional internal and external advice is used to determine the need and value of provisions.	The outcomes of assumptions will have an impact on the Outturn in future years, however due to the uncertain nature of these events, are difficult to quantify
Arrears	<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>	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.
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 for example as a result of Britain's departure from the European Union and Covid-19.</p> <p>Professional actuaries are engaged to provide the Council with expert advice about the assumptions to be applied.</p>	It is difficult to measure the effects on the net pension liability of changes in individual assumptions, as they can result in multiple variations to the figure.



# 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).

2019/20					2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
19,663	(5,971)	<b>13,692</b>	Corporate Management		18,836	(14,507)	<b>4,329</b>
103,222	(53,376)	<b>49,846</b>	Economic Development		95,671	(49,083)	<b>46,588</b>
314,306	(77,419)	<b>236,887</b>	Education & Lifelong Learning		379,590	(92,688)	<b>286,902</b>
8,700	(2,223)	<b>6,477</b>	Governance & Legal Services		7,916	(1,244)	<b>6,672</b>
8,567	(5,724)	<b>2,843</b>	Harbour Authority		8,882	(5,916)	<b>2,966</b>
65,056	(81,412)	<b>(16,356)</b>	Housing Revenue Account		111,940	(85,884)	<b>26,056</b>
233,365	(184,224)	<b>49,141</b>	Housing and Communities		239,172	(186,546)	<b>52,626</b>
8,446	(5,499)	<b>2,947</b>	Performance and Partnerships		10,494	(7,281)	<b>3,213</b>
66,715	(39,245)	<b>27,470</b>	Planning , Transport and Environment		68,093	(44,160)	<b>23,933</b>
33,036	(11,365)	<b>21,671</b>	Resources		38,019	(18,415)	<b>19,604</b>
211,533	(30,628)	<b>180,905</b>	Social Services		246,142	(59,916)	<b>186,226</b>
2,870	(12,653)	<b>(9,783)</b>	Summary Revenue Account		4,967	(9,239)	<b>(4,272)</b>
<b>1,075,479</b>	<b>(509,739)</b>	<b>565,740</b>	<b>Net Cost of Services</b>		<b>1,229,722</b>	<b>(574,879)</b>	<b>654,843</b>
37,469	0	<b>37,469</b>	Police and Crime Commissioner for South Wales		40,165	0	<b>40,165</b>
397	0	<b>397</b>	Community Council Precepts	3	446	0	<b>446</b>
17,696	0	<b>17,696</b>	Levies & Contributions		18,244	0	<b>18,244</b>
4,642	(8,681)	<b>(4,039)</b>	(Gain)/loss on sale of non-current assets		15,760	(15,081)	<b>679</b>
<b>60,204</b>	<b>(8,681)</b>	<b>51,523</b>	<b>Other Operating Expenditure</b>		<b>74,615</b>	<b>(15,081)</b>	<b>59,534</b>
32,960	0	<b>32,960</b>	Interest Payable on debt	15	34,020	0	<b>34,020</b>
14,810	0	<b>14,810</b>	Interest on net defined benefit liability/(asset)	13	18,832	0	<b>18,832</b>
0	(1,129)	<b>(1,129)</b>	Interest & Investment Income	15	0	(394)	<b>(394)</b>
6,566	(2,475)	<b>4,091</b>	Change in fair value of Investment Properties	14	13,490	(3,286)	<b>10,204</b>
0	0	<b>0</b>	Movement in Financial Instruments		0	(148)	<b>(148)</b>
<b>54,336</b>	<b>(3,604)</b>	<b>50,732</b>	<b>Financing and Investment Income &amp; Expenditure</b>		<b>66,342</b>	<b>(3,828)</b>	<b>62,514</b>
0	(41,333)	<b>(41,333)</b>	Recognised Capital Grants & Contributions		0	(87,562)	<b>(87,562)</b>
0	(328,126)	<b>(328,126)</b>	Revenue Support Grant	26	0	(344,468)	<b>(344,468)</b>
0	(116,504)	<b>(116,504)</b>	Non-Domestic Rates	6	0	(124,579)	<b>(124,579)</b>
(766)	(217,119)	<b>(217,885)</b>	Council Tax Income	5	2,135	(230,151)	<b>(228,016)</b>
0	0	<b>0</b>	Donated Inventories		0	(3,211)	<b>(3,211)</b>
129	0	<b>129</b>	Corporation Tax (CCRCDD)		0	(218)	<b>(218)</b>
<b>(637)</b>	<b>(703,082)</b>	<b>(703,719)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>		<b>2,135</b>	<b>(790,189)</b>	<b>(788,054)</b>
		<b>(35,724)</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>(11,163)</b>

## Comprehensive Income and Expenditure

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
		(35,427)	Revaluation Gains	25			(25,878)
		11,958	Revaluation Losses				1,109
		2,357	Impairment losses on non-current assets charged to the Revaluation Reserve				233
		1,101	(Surplus)/Deficit on Financial Instrument Revaluation Reserve				2,283
		127,222	Actuarial (gains)/losses on pension assets/liabilities	13			198,203
		107,211	<b>Other Comprehensive Income &amp; Expenditure</b>				175,950
		71,487	<b>Total Comprehensive Income &amp; Expenditure</b>				164,787

The 2019/20 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2020/21.

## 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	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019 carried forward</b>	<b>14,255</b>	<b>53,714</b>	<b>8,983</b>	<b>495</b>	<b>8,488</b>	<b>85,935</b>	<b>465,224</b>	<b>551,159</b>
Movement in Reserves during 2019/20								
Surplus or (deficit) on the provision of Services	19,559	0	16,165	0	0	<b>35,724</b>	0	<b>35,724</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	<b>0</b>	(107,211)	<b>(107,211)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>19,559</b>	<b>0</b>	<b>16,165</b>	<b>0</b>	<b>0</b>	<b>35,724</b>	<b>(107,211)</b>	<b>(71,487)</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	(18,379)	0	(15,782)	0	2,418	<b>(31,743)</b>	31,743	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>2,418</b>	<b>3,981</b>	<b>(75,468)</b>	<b>(71,487)</b>
Transfers to/(from) Earmarked Reserves	(1,180)	1,180	(383)	383	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease) in 2019/20</b>	<b>0</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>2,418</b>	<b>3,981</b>	<b>(75,468)</b>	<b>(71,487)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>89,916</b>	<b>389,756</b>	<b>479,672</b>
Movement in Reserves during 2020/21								
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	<b>11,163</b>	0	<b>11,163</b>
Other Comprehensive Income and Expenditure	0	0	0	0	0	<b>0</b>	(175,950)	<b>(175,950)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>24,927</b>	<b>0</b>	<b>(13,764)</b>	<b>0</b>	<b>0</b>	<b>11,163</b>	<b>(175,950)</b>	<b>(164,787)</b>
Adjustments between accounting basis & funding basis under regulations (note 1)	22,683	0	23,105	0	(2,233)	<b>43,555</b>	(43,555)	<b>0</b>
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>47,610</b>	<b>0</b>	<b>9,341</b>	<b>0</b>	<b>(2,233)</b>	<b>54,718</b>	<b>(219,505)</b>	<b>(164,787)</b>
Transfers to/(from) Earmarked Reserves (note 26)	(47,610)	47,610	(2,822)	2,822	0	<b>0</b>	0	<b>0</b>
<b>Increase/(Decrease) in 2020/21</b>	<b>0</b>	<b>47,610</b>	<b>6,519</b>	<b>2,822</b>	<b>(2,233)</b>	<b>54,718</b>	<b>(219,505)</b>	<b>(164,787)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>14,255</b>	<b>102,504</b>	<b>15,502</b>	<b>3,700</b>	<b>8,673</b>	<b>144,634</b>	<b>170,251</b>	<b>314,885</b>

## Balance Sheet

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

31 March 2020		Note	31 March 2021
£000			£000
1,841,584	Property, Plant & Equipment	14	1,898,189
58,616	Heritage Assets		58,682
178,521	Investment Properties		156,238
2,292	Intangible assets including AUC		1,711
9,723	Long-term Investments	15	14,792
8,701	Long-term Debtors		5,951
<b>2,099,437</b>	<b>Total Long-Term Assets</b>		<b>2,135,563</b>
76,106	Short-term Investments	15	98,882
1,860	Held for Sale assets	16	918
2,073	Inventories		5,764
132,643	Short-term Debtors	17	168,405
35,951	Cash and Cash Equivalents	18	34,450
<b>248,633</b>	<b>Total Current Assets</b>		<b>308,419</b>
(29,625)	Short-term Borrowing	15	(35,393)
(114,939)	Short-term Creditors	19	(128,988)
(1,496)	Pension Strain	22	(1,471)
(5,405)	Provisions	21	(4,999)
(3,214)	Deferred Liabilities	23	(3,453)
<b>(154,679)</b>	<b>Total Current Liabilities</b>		<b>(174,304)</b>
(807,540)	Long-term Borrowing	15	(783,666)
(24,812)	Provisions	21	(25,084)
(9,261)	Deferred Liabilities	23	(8,181)
(17,430)	Capital Contributions Receipts in Advance	26	(22,155)
(13,854)	Revenue Grants Receipts in Advance		(18,008)
(1,424)	Capital Grants Receipts in Advance		(13,797)
(3,688)	Pension Strain	22	(3,434)
(835,710)	Net Pensions Liability	13	(1,080,468)
<b>(1,713,719)</b>	<b>Total Long-Term Liabilities</b>		<b>(1,954,793)</b>
<b>479,672</b>	<b>NET ASSETS</b>		<b>314,885</b>
	<b>Financed by:</b>		
14,255	Council Fund Balance		14,255
54,894	Council Fund Earmarked Reserves	24	102,504
8,983	Housing Revenue Account Balance		15,502
878	Housing Revenue Account Earmarked Reserves	24	3,700
10,906	Capital Receipts Reserve	24	8,673
<b>89,916</b>	<b>Usable Reserves</b>		<b>144,634</b>
288,041	Revaluation Reserve	25	310,754
939,914	Capital Adjustment Account		947,365
5,008	Deferred Capital Receipts		5,003
9,267	Financial Instruments Revaluation Reserve		6,984
(840,894)	Pensions Reserve		(1,085,373)
(11,580)	Accumulated Absences Adjustment Account		(17,693)
0	Donated Inventories Account		3,211
<b>389,756</b>	<b>Unusable Reserves</b>		<b>170,251</b>
<b>479,672</b>	<b>TOTAL RESERVES</b>		<b>314,885</b>

## Cashflow Statement

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

2019/20		Note	2020/21
£000			£000
(35,724)	Net (surplus) /deficit on the provision of services		(11,163)
(30,153)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(180,826)
51,307	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		102,979
<b>(14,570)</b>	<b>Net cash flows from operating activities</b>		<b>(89,010)</b>
151,540	Purchase of property, plant and equipment, investment property and intangible assets		146,179
7,000	Purchase of short-term and long-term Investments		30,337
(3,624)	Other payments for investing activities		(17,098)
(9,974)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(15,422)
(36,798)	Capital Grants and Contributions		(98,976)
<b>108,144</b>	<b>Net cash flows from investing activities</b>		<b>45,020</b>
(111,060)	Cash receipts from short-term and long-term borrowing		(3,111)
(4,239)	Other receipts from financing activities		26,315
6,647	Repayments of short-term and long-term borrowing		22,287
<b>(108,652)</b>	<b>Net cash flows from financing activities</b>		<b>45,491</b>
<b>(15,078)</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>		<b>1,501</b>
20,873	Cash and cash equivalents at the beginning of the reporting period		35,951
<b>35,951</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	18	<b>34,450</b>

## 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 2019/20				Movement in Unusable Reserves	Adjustments between Accounting and Funding Basis	Usable Reserves 2020/21			
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves				Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves
£000	£000	£000	£000	£000	£000	£000	£000	£000	
					<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
-	-	-	-	-	<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
49,618	13,090	0	(62,708)		50,823	11,933	0	(62,755)	
49,954	110	0	(50,064)		347	48,354	0	(48,700)	
(106,823)	(27)	0	106,849		(519)	(79)	0	598	
1,172	0	0	(1,172)		797	86	0	(884)	
4,090	1	0	(4,091)		8,405	7	0	(8,413)	
0	0	0	0		(17)	457	0	(440)	
(29,852)	(11,481)	0	41,333		(64,124)	(23,438)	0	87,562	
1,558	145	0	(1,703)		4,294	104	0	(4,398)	
2,417	1,848	0	(4,265)		14,423	766	30	(15,219)	
0	0	0	0		1	0	320	(321)	
-	-	-	-	-	<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
(24,055)	(12,807)	0	36,862		(24,714)	(13,396)	0	38,110	

Usable Reserves 2019/20				Adjustments between Accounting and Funding Basis	Usable Reserves 2020/21			
Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves		Council Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Movement in Unusable Reserves
£000	£000	£000	£000		£000	£000	£000	£000
(735)	(6,400)	0	7,135	Capital expenditure charged against the Council Fund and HRA balances	(973)	(2,400)	0	3,373
0	0	(5,538)	5,538	Use of the Capital Receipts Reserves to finance new capital expenditure	0	0	(6,455)	6,455
0	3	(3)	0	Credit for disposal costs that qualify to be met from the resulting capital receipts	0	0		0
24	0	(761)	737	Capital receipts set aside for the repayment of debt	0	0	(11,202)	11,202
				<b>Adjustments involving the Revaluation Reserve</b>	-	-	-	
(5,892)	(2,451)	8,720	(377)	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	(12,242)	(2,285)	15,068	(541)
				<b>Adjustments involving the Pensions Reserve:</b>	-	-	-	
82,847	6,191	0	(89,038)	Net retirement benefits as per IAS19	86,648	6,461	0	(93,109)
(46,102)	(4,138)	0	50,240	Employer's contributions to the Pension Scheme	(42,540)	(4,013)	0	46,553
751	104	0	(854)	Pension Strain Future Years	(142)	(138)	0	280
				<b>Adjustments involving the Accumulated Absences Adjustment Account</b>	-	-	-	
2,650	30	0	(2,679)	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.	5,426	687	0	(6,113)
				<b>Adjustments involving the Deferred Capital Receipts Reserve</b>	-	-	-	
0	0	0	0	Transfers to the Capital Receipts Reserve upon receipt of cash	0	0	6	(6)
0	0	0	0	Transfers to the Deferred Capital Receipts Reserve in relation to gain/loss on disposal	0	0	0	0
				<b>Transfer to Donated Inventories Account</b>				
0	0	0	0	Transfer to Donated Inventories Account	(3,211)	0	0	3,211
<b>(18,379)</b>	<b>(15,782)</b>	<b>2,418</b>	<b>31,743</b>	<b>Total Adjustments</b>	<b>22,683</b>	<b>23,105</b>	<b>(2,233)</b>	<b>(43,555)</b>

## 2. Expenditure and Funding Analysis

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

2019/20			Directorate	2020/21		
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
26,290	(12,598)	13,692	Corporate Management	26,340	(22,011)	4,329
37,374	12,472	49,846	Economic Development	38,049	8,539	46,588
272,812	(35,925)	236,887	Education & Lifelong Learning	287,533	(631)	286,902
6,136	341	6,477	Governance & Legal Services	6,285	387	6,672
0	2,843	2,843	Harbour Authority	0	2,966	2,966
0	(16,356)	(16,356)	Housing Revenue Account	0	26,056	26,056
44,528	4,613	49,141	Housing & Communities	46,241	6,385	52,626
2,616	331	2,947	Performance & Partnerships	2,868	345	3,213
8,126	19,344	27,470	Planning Transport and Environment	7,104	16,829	23,933
16,496	5,175	21,671	Resources	15,239	4,365	19,604
177,241	3,664	180,905	Social Services	182,967	3,259	186,226
31,970	(41,753)	(9,783)	Summary Revenue Account	43,560	(47,832)	(4,272)
<b>623,589</b>	<b>(57,849)</b>	<b>565,740</b>	<b>Net Cost of Services</b>	<b>656,186</b>	<b>(1,343)</b>	<b>654,843</b>
(575,055)	(26,409)	(601,464)	Other Income and Expenditure	(604,582)	(61,424)	(666,006)
<b>48,534</b>	<b>(84,258)</b>	<b>(35,724)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>51,604</b>	<b>(62,767)</b>	<b>(11,163)</b>
	<b>Council Fund</b>	<b>HRA Balance</b>			<b>Council Fund</b>	<b>HRA Balance</b>
	<b>14,255</b>	<b>8,983</b>	<b>Opening Balance as at 1 April</b>		<b>14,255</b>	<b>8,983</b>
	0	0	Surplus/(Deficit)		0	6,519
	<b>14,255</b>	<b>8,983</b>	<b>Closing Balance as at 31 March</b>		<b>14,255</b>	<b>15,502</b>

The 2019/20 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2020/21.

## 2.1 Note to the Expenditure and Funding Analysis

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

2019/20				Directorate	2020/21			
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
64	9,815	(22,477)	<b>(12,598)</b>	Corporate Management	537	708	(23,256)	<b>(22,011)</b>
8,077	3,747	648	<b>12,472</b>	Economic Development	6,871	4,082	(2,414)	<b>8,539</b>
(38,090)	5,027	(2,862)	<b>(35,925)</b>	Education & Lifelong Learning	18,604	6,704	(25,939)	<b>(631)</b>
5	350	(14)	<b>341</b>	Governance & Legal Services	3	450	(66)	<b>387</b>
2,751	110	(18)	<b>2,843</b>	Harbour Authority	2,673	266	27	<b>2,966</b>
13,322	2,157	(31,835)	<b>(16,356)</b>	Housing Revenue Account	60,855	2,310	(37,109)	<b>26,056</b>
1,059	2,421	1,133	<b>4,613</b>	Housing and Communities	4,858	2,778	(1,251)	<b>6,385</b>
0	291	40	<b>331</b>	Performance & Partnerships	0	322	23	<b>345</b>
18,912	1,511	(1,079)	<b>19,344</b>	Planning Transport and Environment	19,265	1,824	(4,260)	<b>16,829</b>
1,976	2,633	566	<b>5,175</b>	Resources	1,850	3,080	(565)	<b>4,365</b>
(69)	3,748	(15)	<b>3,664</b>	Social Services	377	3,936	(1,054)	<b>3,259</b>
0	6	(41,759)	<b>(41,753)</b>	Summary Revenue Account	0	0	(47,832)	<b>(47,832)</b>
<b>8,007</b>	<b>31,816</b>	<b>(97,672)</b>	<b>(57,849)</b>	<b>Net Cost of Services</b>	<b>115,893</b>	<b>26,460</b>	<b>(143,696)</b>	<b>(1,343)</b>
(41,282)	14,810	63	<b>(26,409)</b>	Other Income and Expenditure from the Expenditure & Funding Analysis	(76,827)	18,832	(3,429)	<b>(61,424)</b>
<b>(33,275)</b>	<b>46,626</b>	<b>(97,609)</b>	<b>(84,258)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>39,066</b>	<b>45,292</b>	<b>(147,125)</b>	<b>(62,767)</b>

The 2019/20 breakdown of the Net Cost of Services has been amended to take account of the changes in directorate structure in 2020/21.

### ***i. 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 receivable 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.

### ***ii. 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.

### ***iii. 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.

2019/20		2020/21
£000		£000
521,284	Employee Benefits Expenses	532,713
504,618	Other Service Expenses	654,187
63,750	Depreciation, Amortisation & Impairment	63,789
6,566	Change in Fair Value of Investment Properties	13,490
32,960	Interest Payments	34,020
55,562	Precepts & Levies	58,855
4,642	Loss on Sale of Non-Current Assets	15,760
<b>1,189,382</b>	<b>Total Expenditure</b>	<b>1,372,814</b>
(218,636)	Fees, Charges & Other Service Income	(176,310)
(2,475)	Change in Fair Value of Investment Properties	(3,286)
(1,129)	Interest and Investment Income	(394)
(333,623)	Income from Council Tax and Non-Domestic Rates	(354,730)
(660,562)	Grants and Contributions	(834,176)
(8,681)	Gain on Sale of Non-Current Assets	(15,081)
<b>(1,225,106)</b>	<b>Total Income</b>	<b>(1,383,977)</b>
<b>(35,724)</b>	<b>Surplus &amp; Deficit on the Provision of Services</b>	<b>(11,163)</b>

## 3. Precepts and Levies

2019/20		2020/21
£000		£000
	<b>Precepts</b>	
37,469	Police and Crime Commissioner for South Wales	40,165
	Community Councils:	
39	- Lisvane	45
155	- Pentyrch	175
124	- Radyr	126
21	- St Fagans	31
37	- Old St Mellons	46
21	- Tongwynlais	23
<b>37,866</b>	<b>Total Precepts</b>	<b>40,611</b>
	<b>Levies &amp; Contributions</b>	
17,438	South Wales Fire and Rescue Service	17,986
139	Natural Resources Wales	139
114	Cardiff Port Health Authority	114
5	Newport Port Health Authority	5
<b>17,696</b>	<b>Total Levies and Contributions</b>	<b>18,244</b>

#### 4. Participation in Joint Committees

During 2020/21 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.

2019/20	Committee	Purpose	Lead Authority	2020/21
£000				£000
258	Cardiff Capital Region City Deal (CCRCDC)	To co-ordinate and discharge Councils' obligations in relation to the City Deal	Cardiff Council	262
1,453	Central South Consortium Joint Education Service	To provide a regional approach to improvement in schools	Rhondda Cynon Taf Council	1,412
209	Glamorgan Archives	Management and administration of the Glamorgan Records Office	Cardiff Council	209
27	Prosiect Gwyrdd	To manage residual waste treatment	Cardiff Council	27
631	Regional Adoption Service	To share best practice, develop and improve adoption services	Vale of Glamorgan Council	673
4,911	Shared Regulatory Service	To provide environmental health services	Vale of Glamorgan Council	4,927
<b>7,489</b>		<b>Total</b>		<b>7,510</b>

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

Capital contributions to CCRCDC in respect to the Wider Investment Fund are included in the core financial statements but not shown in the table above. A capital contribution of £474,000 was made in 2020/21 (£0 for 2019/20).

#### 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 2020/21 was 147,277 (145,499 for 2019/20).

The amounts for a band D property in Cardiff during 2020/21 were as follows:

2019/20	Band D Council Tax:	2020/21
£		£
1,211	Cardiff Council	1,266
258	Police and Crime Commissioner for South Wales	272
<b>1,469</b>	<b>Total</b>	<b>1,538</b>

The above amount (£1,538) 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	2,053	12,738	25,142	30,639	29,202	26,477	15,082	5,071	3,062	<b>149,470</b>
Apply Collection rate										98.50%	<b>147,228</b>
Plus Class O ( Ministry of Defence ) dwellings											49
Council Tax Base											<b>147,277</b>

### Analysis of the net proceeds from Council Tax:

2019/20		2020/21
£000		£000
(217,119)	Council Tax collectable	(230,151)
(766)	Impairment for non-payment of Council Tax	2,135
<b>(217,885)</b>	<b>Net proceeds</b>	<b>(228,016)</b>
	Represented by:	
37,866	Precepts	40,611
180,019	Council Tax attributable to the Council	187,405

The cumulative impairment for non-payment of Council Tax held at the 31 March 2021 is £8.189 million (£6.920 million at 31 March 2020).

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

31 March 2020		31 March 2021
£000		£000
3,184	Debts less than one year	5,143
1,258	Debts between two and 5 years	1,618
113	Debts over five years	116
<b>4,555</b>	<b>Total Council Tax due but not impaired</b>	<b>6,877</b>

## 6. Non-Domestic Rates (NDR)

The Welsh Government specifies an amount for the rate (53.5p in 2020/21 and 52.6p in 2019/20) 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 £457.012 million for 2020/21 (£460.510 million 2019/20). An analysis of the net proceeds from non-domestic rates is shown below:

2019/20		2020/21
£000		£000
200,116	Non-Domestic Rates collectable	189,469
(919)	Cost of collection allowance	(928)
(3,869)	Impairment for non-payment	(11,763)
<b>195,328</b>	<b>Payment into national pool</b>	<b>176,778</b>
<b>(116,504)</b>	<b>Redistribution from national pool</b>	<b>(124,579)</b>

## 7. Agency Income and Expenditure

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

### Welsh Government

- Non Domestic Rates collection - a net debtor of £31.503 million at 31 March 2021 (£5.095 million at 31 March 2020) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government exceeds the amount collected from ratepayers.
- Houses into Homes Loans - provide loans to bring back unused properties into homes. At 31 March 2021 the Welsh Government had provided £2.736 million of funding, of which £634,000 is outstanding as loans provided. The balance available for new loans was £2.102 million (£1.977 million at 31 March 2020).
- Home Improvement loans – provide loans for home improvements. At 31 March 2021 the Welsh Government had provided £1.062 million of funding, of which £631,000 is outstanding as loans provided leaving a balance available for new loans of £431,000.
- Covid-19 Business Grants - the Council distributed grants to eligible business on behalf of the Welsh Government totaling £101.221 million in 2020/21 (£23.265 million in 2019/20)
- 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 2021 Welsh Government had provided approx. £8.291million for this support.

### South Wales Trunk Road Agency

The total reimbursement received by the Council was £341,000 in 2020/21 (£294,000 in 2019/20).

### 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 £968,000 in 2020/21 (£1.460 million in 2019/20).

### 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 £10.094 million in 2020/21 (£9.207 million in 2019/20) 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 2020/21 was 1:7 (1:7 in 2019/20). The median full time equivalent earnings for 2020/21 was £27,264 (£25,901 in 2019/20). 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	
2019/20			2020/21	
Non Schools	Schools		Non Schools	Schools
13	57	60,000-64,999	20	59
19	44	65,000-69,999	2	55
3	13	70,000-74,999	19	34
1	8	75,000-79,999	1	8
1	8	80,000-84,999	2	6
7	6	85,000-89,999	8	5
0	5	90,000-94,999	0	4
1	3	95,000-99,999	1	4
1	1	100,000-104,999	0	4
0	2	105,000-109,999	1	0
0	0	110,000-114,999	0	1
0	0	115,000-119,999	0	0
0	1	120,000-124,999	0	1
4	3	125,000-129,999	0	0
0	0	130,000-134,999	3	2
2	0	135,000-139,999	0	1
0	0	140,000-144,999	2	1
0	0	145,000-149,999	0	0
0	0	150,000-154,999	0	0
0	1	155,000-159,999	0	1
0	0	160,000-164,999	0	0
0	1	165,000-169,999	0	1

Number of Employees		Remuneration band £	Number of Employees	
2019/20			2020/21	
Non Schools	Schools		Non Schools	Schools
0	0	170,000-174,999	0	0
0	0	175,000-179,999	0	0
1	0	180,000-184,999	0	0
0	0	185,000-189,999	1	0
<b>53</b>	<b>153</b>	<b>Total</b>	<b>60</b>	<b>187</b>

**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). No bonuses have been paid during 2020/21 (£0 in 2019/20)

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
		Post title			Note	Received via payroll (taxable)	Received via payroll (non-taxable)			
£			£	£	£	£	£	£		
<b>222,822</b>	Chief Executive - Paul Orders	(a)	185,385	0	0	0	0	38,375	<b>223,760</b>	
<b>170,393</b>	Corporate Director Resources & Section 151 Officer		141,764	0	0	0	0	29,345	<b>171,109</b>	
<b>767</b>	Corporate Director Resources & Section 151 Officer		0	0	0	0	0	0	<b>0</b>	Left the Council 02/04/2019.
<b>170,393</b>	Corporate Director People and Communities		141,764	0	0	0	0	29,345	<b>171,109</b>	
<b>157,286</b>	Director Planning, Transport & Environment		130,859	0	0	0	0	27,088	<b>157,947</b>	
<b>157,286</b>	Director Economic Development		130,859	0	0	0	0	27,088	<b>157,947</b>	
<b>110,110</b>	Director Education & Lifelong Learning		47,530	0	0	0	0	0	<b>47,530</b>	Reduced hours from 01/09/2019. Left the Council 31/10/2020. Annualised Salary £130,859.

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
Total remuneration including pension contributions	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
0	Director Education & Lifelong Learning		49,072	0	0	0	0	10,158	59,230	Commenced 16/11/2020. Annualised salary £130,859.
156,138	Director Governance & Legal Services & Monitoring Officer		130,859	0	0	0	0	26,049	156,908	
157,286	Director Social Services	(c)	64,917	0	0	0	0	13,242	78,159	Left the Council 30/09/2020. Annualised Salary £130,859.
0	Director Children's Services		3,518	0	0	0	0	728	4,246	Commenced 22/03/2021. Annualised salary £130,859.
0	Director Adults, Housing & Communities Services		24,272	0	0	0	0	5,139	29,411	Commenced 25/01/2021. Annualised salary £130,859.
126,266	Chief Digital Officer		105,052	0	0	0	0	21,746	126,798	
106,955	Assistant Director Adult Services		88,985	0	0	0	0	18,420	107,405	
0	Assistant Director County Estates		46,470	0	0	0	0	9,862	56,332	Commenced 23/09/2020. Annualised salary £88,985.
199,849	Assistant Director Children's Services - Deborah Driffield	(b)	221,186	0	0	0	0	0	221,186	Left role 21/03/2021. Annualised salary £88,985.
62,390	Assistant Director Education & Lifelong Learning		88,985	0	0	0	0	18,420	107,405	Commenced 01/09/2019. Annualised salary £88,985.
106,955	Assistant Director Housing & Communities		72,480	0	0	0	0	14,889	87,369	Left role 24/01/2021. Annualised salary £88,985.
106,955	Assistant Director Street Scene		88,985	0	0	0	0	18,420	107,405	
88,324	Programme Director - Schools Organisation Programme		88,985	0	0	0	0	18,420	107,405	Commenced 03/06/2019. Annualised salary £88,985.

2019/20	2020/21		Salary, fees and allowances received	Taxable benefits	Compensation for loss of employment			Employers pension contribution (23.3% of salary)	Total remuneration including pension contributions	Explanatory notes
Total remuneration including pension contributions	Post title	Note			Received via payroll (taxable)	Received via payroll (non-taxable)	Enhancement of Retirement Benefits			
£			£	£	£	£	£	£		
106,955	Chief Human Resources Officer		31,107	0	22,246	0	0	9,409	62,762	Left the Council 09/10/2020.
0	Chief Human Resources Officer		9,269	0	0	0	0	1,973	11,242	Commenced 22/02/2021. Annualised salary £88,985.
106,955	Head of Finance		88,985	0	0	0	0	18,420	107,405	
101,582	Head of Performance & Partnerships		87,152	0	0	0	0	18,440	105,592	Commenced 22/04/2019. Annualised salary £88,985.

- 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 (£199,849 in 2019/20) 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.

## 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 which is paid by the Council to the Pension Fund over a five year period.

2019/20				Exit package cost band (including special payments)	2020/21			
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 £
64	85	149	1,052,522	0 - 20,000	31	41	72	470,590
11	46	57	1,469,225	20,001 – 40,000	2	15	17	450,315
3	7	10	478,119	40,001 – 60,000	2	13	15	733,154
1	5	6	426,406	60,001 – 80,000	0	2	2	137,929
0	4	4	354,718	80,001 – 100,000	0	0	0	0
0	3	3	355,610	100,001 – 150,000	0	3	3	402,130
0	3	3	491,430	150,001 – 200,000	0	1	1	185,359
<b>79</b>	<b>153</b>	<b>232</b>	<b>4,628,030</b>	<b>Total</b>	<b>35</b>	<b>75</b>	<b>110</b>	<b>2,379,477</b>

\*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 2020/21 was £1.371 million (£1.340 million in 2019/20). 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 2020/21 financial year. Cardiff Council has acted as host authority during the three 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 2021 are as follows:

2019/20 £000			2020/21 £000	
Joint Equipment	Care Homes for older people		Joint Equipment	Care Homes for older people
		<b>Expenditure</b>		
1,735	0	Equipment	1,611	0
102	0	Contribution to Overheads	487	0
0	64,412	Care Home costs	0	65,661
<b>1,837</b>	<b>64,412</b>	<b>Total Expenditure</b>	<b>2,098</b>	<b>65,661</b>
		<b>Funding</b>		
(1,292)	(29,064)	Cardiff and Vale University Health Board	(1,258)	(25,118)
(337)	(24,771)	Cardiff Council	(550)	(24,655)
(208)	(10,577)	Vale of Glamorgan Council	(290)	(15,888)
<b>(1,837)</b>	<b>(64,412)</b>	<b>Total Funding</b>	<b>(2,098)</b>	<b>(65,661)</b>
<b>0</b>	<b>0</b>	<b>(Surplus)/Deficit transferred to Reserve</b>	<b>0</b>	<b>0</b>

## 10. Related Parties

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

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, providing the majority of its funding in the form of grants and prescribing the terms of many of the transactions that the Council has with other parties. For 2020/21 financial transactions with the Welsh Government totalled £764,000 of expenditure and approximately £403.475 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 £1.011 million 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 2020/21 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 <https:cardiff.moderngov.co.uk/mgMemberIndex>.

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.

Related Party	Related Party Relationship	Transaction details	Amounts paid by the Authority £000	Amounts received by the Authority £000	Amounts owed to the Authority £000
<b>31 March 2021</b>					
Huggard	Management Committee	Primarily Supporting people	818	(66)	(15)
Cartref Care Homes	Trustee	Primarily Residential Care	745	(19)	(5)
Principality Stadium	Board Member	Primarily Waste Management	0	(65)	(12)
St John Cymru Wales	President	Primarily training	17	(2)	0
Old St Mellons Community Council	Elected Councillor	Primarily a Grant of £23,000	26	0	0
Wales and the West Housing	Family Member is Chief Executive	Payment relates to supporting individuals in relation to alarm subsidy. Income is primarily Statutory S106	66	(168)	0
Safer Wales Ltd	Charity Senior Manager	Grant for Domestic Abuse support	20	0	0
Cardiff Cycle Workshop	Family Member is Chair of Trustees	Primarily Ground Rent	2	(15)	0
Seren in the Community	Trustee	Grant	2	0	0
<b>Total transactions</b>			<b>1,696</b>	<b>(335)</b>	<b>(32)</b>

Related party payment transactions in 2019/20 totalled £919,000. There was no money owed to these organisations at the end of 2019/20. Related party income transactions in 2019/20 totalled £154,000 and £33,000 was owed from these organisations.

Officer's emoluments are shown in note 8. In 2020/21, for organisations in which Senior Officers had an interest there were no goods or services commissioned (£0 in 2019/20). For goods and services provided, income of £160,000 was received in 2020/21 (£99,000 in 2019/20). Of this income, £65,000 is also included in the income for members as there are officers and members represented on the board.

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 £139,000 to Police and Crime Commissioner for South Wales during 2020/21 (£78,000 in 2019/20).

## 11. External Audit Costs

2019/20		2020/21
£000		£000
382	Fees payable to Audit Wales for external audit services	382
50	Fees payable to Audit Wales for the certification of grant claims	50
20	Fees payable to Audit Wales for other financial audit work	20
<b>452</b>	<b>Total</b>	<b>452</b>

## 12. Leasing

### Council as Lessee

#### Operating leases

Operating leases exist in respect of properties, vehicles and other items of equipment. The following sums were charged to revenue in 2020/21:

2019/20		2020/21
£000		£000
1,340	Property Leases	1,473
2,022	Other Leases	2,414
<b>3,362</b>		<b>3,887</b>

The Council was committed at 31 March 2021 to making payments of £13.805 million under operating leases (£13.989 million at 31 March 2020) comprising the following elements:

31 March 2020			31 March 2021	
Property Leases £000	Other Leases £000		Property Leases £000	Other Leases £000
		<b>Minimum lease payments</b>		
1,173	2,143	Not later than one year	375	2,076
1,019	2,833	Later than one year but not later than five years	1,084	3,084
6,791	30	Later than five years	7,136	50
<b>8,983</b>	<b>5,006</b>		<b>8,595</b>	<b>5,210</b>

#### Finance Leases

There were no finance leases recognised at 31 March 2021 (none in 2019/20) 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 £8.343 million in 2020/21 (£7.235 million in 2019/20).

The Council was committed as at 31 March 2021 to receiving income of £477.722 million (£486.632 million as at 31 March 2020) under operating leases for Land & Buildings comprising the following elements:

31 March 2020 £000	Minimum Income	31 March 2021 £000
8,647	Not later than one year	8,615
29,385	Later than one year and not later than five years	27,612
448,600	Later than five years	441,495
<b>486,632</b>		<b>477,722</b>

### Finance Leases

There were no finance leases recognised at 31 March 2021 (none in 2019/20).

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 both 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 2020/21 the Council paid £30.592 million in respect of teachers' pension costs, which represents 23.7% of teachers' pensionable pay for 2020/21 (£25.973 million representing 16.5% of teachers' pensionable pay for April to August 2019/20 and 23.7% for September to March 2019/20). 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 that have been made by Cardiff Council in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2019/20				2020/21		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Comprehensive Income and Expenditure Statement (CIES)</b>			
			<b>Net Cost of Services</b>			
70,650	0	<b>70,650</b>	Current Service Cost	71,580	0	<b>71,580</b>
10,550	0	<b>10,550</b>	Past Service Costs	1,410	0	<b>1,410</b>
			<b>Financing &amp; Investment Income and Expenditure</b>			
13,680	1,130	<b>14,810</b>	Interest on net defined benefit liability/(asset)	17,850	980	<b>18,830</b>
<b>94,880</b>	<b>1,130</b>	<b>96,010</b>	<b>Net charge to CIES</b>	<b>90,840</b>	<b>980</b>	<b>91,820</b>
			<b>Remeasurement of the net Defined Liability comprising</b>			
168,680	0	<b>168,680</b>	Returns on Plan Assets excluding amounts included in net interest	(229,490)	0	<b>(229,490)</b>
(57,738)	(500)	<b>(58,238)</b>	Actuarial losses arising from changes in Financial assumptions	442,720	3,260	<b>445,980</b>
(28,360)	(1,890)	<b>(30,250)</b>	Actuarial gains arising from changes in demographic assumptions	0	0	<b>0</b>
47,260	(230)	<b>47,030</b>	Other experience and Actuarial adjustments	(17,280)	(620)	<b>(17,900)</b>
<b>129,842</b>	<b>(2,620)</b>	<b>127,222</b>	<b>Total Remeasurements recognised in Other Comprehensive Income</b>	<b>195,950</b>	<b>2,640</b>	<b>198,590</b>
<b>224,722</b>	<b>(1,490)</b>	<b>223,232</b>	<b>Total charged to Comprehensive Income and Expenditure Statement</b>	<b>286,790</b>	<b>3,620</b>	<b>290,410</b>

2019/20				2020/21		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
			<b>Movement in Reserves Statement</b>			
(94,880)	(1,130)	<b>(96,010)</b>	Reversal of net charges made for retirement benefits in accordance with IAS19	(90,840)	(980)	<b>(91,820)</b>
			<b>Actual amount charged against Council Tax in respect of pensions for the year</b>			
47,130	0	<b>47,130</b>	Employers contributions payable to the scheme	43,230	0	<b>43,230</b>
0	3,110	<b>3,110</b>	Payments in respect of unfunded pensions liabilities *	0	3,020	<b>3,020</b>
<b>47,130</b>	<b>3,110</b>	<b>50,240</b>	<b>Total</b>	<b>43,230</b>	<b>3,020</b>	<b>46,250</b>

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

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The 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 2020				31 March 2021		
Funded scheme £000	Unfunded liabilities £000	Total £000		Funded scheme £000	Unfunded liabilities £000	Total £000
(1,931,978)	(48,720)	<b>(1,980,698)</b>	Opening present value of liabilities	(1,974,720)	(44,120)	<b>(2,018,840)</b>
(70,650)	0	<b>(70,650)</b>	Current service cost	(71,580)	0	<b>(71,580)</b>
(45,280)	(1,130)	<b>(46,410)</b>	Interest cost	(45,660)	(980)	<b>(46,640)</b>
(11,990)	0	<b>(11,990)</b>	Contributions by participants	(12,580)	0	<b>(12,580)</b>
38,838	2,620	<b>41,458</b>	Remeasurements in Other Comprehensive Income (OCI)	(425,440)	(2,640)	<b>(428,080)</b>
56,890	3,110	<b>60,000</b>	Net benefits paid out *	55,390	3,020	<b>58,410</b>
(10,550)	0	<b>(10,550)</b>	Past service cost	(1,410)	0	<b>(1,410)</b>
<b>(1,974,720)</b>	<b>(44,120)</b>	<b>(2,018,840)</b>	<b>Closing present value of liabilities</b>	<b>(2,476,000)</b>	<b>(44,720)</b>	<b>(2,520,720)</b>
1,317,980	0	<b>1,317,980</b>	Opening fair value of assets	1,183,130	0	<b>1,183,130</b>
31,600	0	<b>31,600</b>	Interest income on assets	27,810	0	<b>27,810</b>
(168,680)	0	<b>(168,680)</b>	Remeasurement gains/(losses) on assets	229,490	0	<b>229,490</b>
47,130	3,110	<b>50,240</b>	Contributions by employer	43,230	3,020	<b>46,250</b>
11,990	0	<b>11,990</b>	Contributions by participants	12,580	0	<b>12,580</b>
(56,890)	(3,110)	<b>(60,000)</b>	Net benefits paid out *	(55,390)	(3,020)	<b>(58,410)</b>
<b>1,183,130</b>	<b>0</b>	<b>1,183,130</b>	<b>Closing fair value of assets</b>	<b>1,440,850</b>	<b>0</b>	<b>1,440,850</b>
<b>(791,590)</b>	<b>(44,120)</b>	<b>(835,710)</b>	<b>Net pension asset /(liability)*</b>	<b>(1,035,150)</b>	<b>(44,720)</b>	<b>(1,079,870)</b>

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

It is important to note that this is a snapshot of the position as at 31 March 2021. 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 increase in the pension liability at 31 March 2021 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 2022

Local Government Scheme - employer's regular contributions to the Fund for the accounting period ending 31 March 2022 are estimated to be £43.062 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 2022 the Council expects to pay £3.028 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 2020, for IAS19 purposes, are shown in the following table:

31 March 2020	Assumptions	31 March 2021
	<b>Longevity at 45 for Current Pensioners (years)</b>	
23.2	Men	23.3
26.0	Women	26.1
	<b>Longevity at 65 for Current Pensioners (years)</b>	
22.2	Men	22.3
24.6	Women	24.7
	<b>Rates</b>	
2.0%	Rate of Inflation - Consumer Price Index (CPI)	2.7%
3.0%	Rate of general increase in salaries	3.7%
2.0%	Rate of increase to pensions in payment	2.7%
2.0%	Rate of increase to deferred pensions	2.7%
2.3%	Discount rate for scheme liabilities	2.1%

### 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 2020			Assets	31 March 2021		
Quoted %	Unquoted %	Total %		Quoted %	Unquoted %	Total %
62.7	3.6	66.3	Equities	62.1	3.5	65.6
6.9	0.0	6.9	Property	6.6	0.0	6.6
9.5	0.0	9.5	Government Bonds	10.7	0.0	10.7
15.8	0.0	15.8	Corporate Bonds	15.7	0.0	15.7
1.4	0.0	1.4	Cash	1.4	0.0	1.4
0.1	0.0	0.1	Other*	0.0	0.0	0.0
<b>96.4</b>	<b>3.6</b>	<b>100.0</b>	<b>Total</b>	<b>96.5</b>	<b>3.5</b>	<b>100.0</b>

\*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments.

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

	31 March 2017	31 March 2018	31 March 2019	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000
Fair value of assets	1,198,860	1,230,630	1,317,980	1,183,130	1,440,850
Present value of funded liabilities	(1,730,930)	(1,820,380)	(1,931,978)	(1,974,720)	(2,476,000)
Present value of unfunded liabilities	(47,490)	(46,520)	(48,720)	(44,120)	(44,720)
<b>Surplus/(deficit)</b>	<b>(579,560)</b>	<b>(636,270)</b>	<b>(662,718)</b>	<b>(835,710)</b>	<b>(1,079,870)</b>

**Sensitivity Analysis of Present Value of Funded Liabilities**

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

Funded Defined Benefit Obligation £2,476,000	+0.1% p.a		-0.1% p.a	
Change in Assumptions on Present value of the funded defined benefit obligations	£000	% Increase /Decrease to Employee Liability		£000
Adjustment to Discount rate	2,426,480	-2.0%	2.1%	2,528,000
Adjustment to Salary Increase rate	2,480,950	0.2%	-0.2%	2,471,050
Adjustment to Pension Increase rate	2,520,570	1.8%	-1.8%	2,431,430
Adjustment to Mortality rate	2,567,610	3.7%	-3.6%	2,386,860

**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. This provided the Pension Scheme Trustees with further assurances around the strength of its covenant. The transfer 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 2021. 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 2020 £000	Cardiff Bus Defined Contribution Pension Scheme	31 March 2021 £000
0	Opening present value of liabilities	(13,220)
0	Interest cost	(18)
0	Remeasurement (gains)/losses	100
0	Net benefits paid out	0
<b>0</b>	<b>Closing present value of liabilities</b>	<b>(13,138)</b>
0	Opening fair value of assets	11,933
0	Interest income on assets	16
0	Remeasurement gains/(losses) on assets	(58)
0	Net benefits paid out	0
<b>0</b>	<b>Closing fair value of assets</b>	<b>11,891</b>
<b>0</b>	<b>Net pension asset /(liability)</b>	<b>(1,247)</b>

31 March 2020 £000	Cardiff Bus Defined Benefit Pension Scheme	31 March 2021 £000
0	Opening present value of liabilities	(40,435)
0	Interest cost	(56)
0	Remeasurement (gains)/losses	309
0	Net benefits paid out	137
<b>0</b>	<b>Closing present value of liabilities</b>	<b>(40,045)</b>
0	Opening fair value of assets	40,739
0	Interest income on assets	56
0	Remeasurement gains/(losses) on assets	36
0	Net benefits paid out	(137)
<b>0</b>	<b>Closing fair value of assets</b>	<b>40,694</b>
<b>0</b>	<b>Net pension asset /(liability)</b>	<b>649</b>

31 March 2020	Cardiff Bus Defined Benefit Pension Scheme	31 March 2021
%	Assets	%
0.0	Diversified Growth Funds	23.1
0.0	Cash & Liability Driven Investments	23.7
0.0	Bonds	53.2
<b>0.0</b>	<b>Total</b>	<b>100.0</b>

## 14. Non-Current Assets

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	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	£000
<b>1 April 2019</b>	<b>604,789</b>	<b>779,870</b>	<b>41,212</b>	<b>649,358</b>	<b>19,806</b>	<b>38,199</b>	<b>27,944</b>	<b>2,161,178</b>
Additions	29,643	12,993	4,000	13,913	82	1,823	28,922	91,376
Revaluations Increases/(Decreases) recognised in the RR*	0	645	0	0	0	6,709	0	7,354
Revaluations Increases/(Decreases) recognised in the SDPS**	0	45,939	0	0	0	(1,717)	0	44,222
Impairment Losses/Reversals to RR	0	(1,940)	0	0	0	(417)	0	(2,357)
Impairment Losses/Reversals to SDPS	(168)	(2,884)	0	0	0	(1,292)	(152)	(4,496)
Derecognition - Disposals	(295)	0	(4,319)	0	0	(1,645)	0	(6,259)
Write Out of Joint Committees	0	0	(153)	0	0	0	0	(153)
Reclassified (to)/from Held for Sale	0	0	0	0	0	420	0	420
Other Reclassifications - Transfers	16,717	(1,970)	20	1,139	9	2,460	(18,375)	0
<b>31 March 2020</b>	<b>650,686</b>	<b>832,653</b>	<b>40,760</b>	<b>664,410</b>	<b>19,897</b>	<b>44,540</b>	<b>38,339</b>	<b>2,291,285</b>
Additions	17,222	17,204	10,146	15,585	0	34,010	50,278	144,445
Revaluations Increases/(Decreases) recognised in the RR	25,562	172	0	0	0	(1,100)	0	24,634
Revaluations Increases/(Decreases) recognised in the SDPS	(68,495)	(697)	0	0	0	(192)	0	(69,384)
Impairment Losses/Reversals to RR	0	(233)	0	0	0	0	0	(233)
Impairment Losses/Reversals to SDPS	(166)	(23)	0	0	0	(2,874)	(1,483)	(4,546)
Derecognition - Disposals	(55)	(120)	(10,550)	(192,717)	0	(898)	0	(204,340)
Reclassified (to)/from Held for Sale	0	(23)	0	0	0	1,000	0	977
Other Reclassifications - Transfers	6,028	2,324	9,074	1,235	0	200	(20,280)	(1,419)
<b>31 March 2021</b>	<b>630,782</b>	<b>851,257</b>	<b>49,430</b>	<b>488,513</b>	<b>19,897</b>	<b>74,686</b>	<b>66,854</b>	<b>2,181,419</b>
<b>Movements in Depreciation/Impairment</b>								
<b>1 April 2019</b>	<b>9,908</b>	<b>32,190</b>	<b>24,178</b>	<b>354,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>420,532</b>
Depreciation Charge	10,908	20,895	5,336	20,877	0	0	0	58,016
Depreciation written out on Impairment	0	(450)	0	0	0	0	0	(450)
Depreciation written out to the RR	0	(11,446)	0	0	0	0	0	(11,446)
Depreciation written out to the SDPS	0	(12,564)	0	0	0	0	0	(12,564)
Derecognition - Disposals	(4)	0	(4,295)	0	0	0	0	(4,299)
Write Out of Joint Committees	0	0	(32)	0	0	0	0	(32)
Reclassifications - Transfers	0	(56)	0	0	0	0	0	(56)
<b>31 March 2020</b>	<b>20,812</b>	<b>28,569</b>	<b>25,187</b>	<b>375,133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>449,701</b>
Depreciation Charge	9,324	22,123	6,325	20,415	0	0	0	58,187
Depreciation written out on Impairment	0	(25)	0	0	0	0	0	(25)
Depreciation written out to the RR	0	(9)	0	0	0	0	0	(9)
Depreciation written out to the SDPS	(20,811)	(409)	0	0	0	0	0	(21,220)
Derecognition - Disposals	0	(120)	(10,550)	(192,717)	0	0	0	(203,387)
Reclassifications - Transfers	0	(17)	0	0	0	0	0	(17)
<b>31 March 2021</b>	<b>9,325</b>	<b>50,112</b>	<b>20,962</b>	<b>202,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>283,230</b>
Net Book Value								

Property, Plant and Equipment	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	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	£000
At 31 March 2020	629,874	804,084	15,573	289,277	19,897	44,540	38,339	1,841,584
At 31 March 2021	621,457	801,145	28,468	285,682	19,897	74,686	66,854	1,898,189

RR Revaluation Reserve

SDPS Surplus or Deficit on Provision of Services

## Heritage Assets

2019/20 £000		2020/21 £000
54,152	Balance at 1 April	58,616
231	Additions	66
4,233	Revaluation increases /(decreases) to RR	0
58,616	Balance at 31 March	58,682

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 <https://www.cardiff.gov.uk> under the Resident, Planning, City Design and Public Art section.

**Scheduled ancient monuments** - the Council is responsible or part responsible for 17 of the 28 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 [www.cardiff.gov.uk](http://www.cardiff.gov.uk) under Resident, Planning and Conservation of the Built Environment section.

**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:

2019/20 £000		2020/21 £000
126,360	<b>Balance at 1 April</b>	178,521
58,624	Additions	1,015
(6,413)	Impairment	(26)
(2,393)	Disposals	(14,807)
0	Reclassified (to) / from Held for Sale	0
0	Other Reclassifications	1,418
0	Revaluation increases / (decreases) to RR*	0
2,343	Revaluation increases / (decreases) to SDPS**	(9,883)
<b>178,521</b>	<b>Balance at 31 March</b>	<b>156,238</b>

\* Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

The following items have been accounted for in the Economic Development line in the Comprehensive Income and Expenditure Statement:

2019/20 £000		2020/21 £000
(6,231)	Rental income from investment property	(11,059)
2,011	Direct operating expenses arising from investment property	4,439
<b>(4,220)</b>	<b>Net (Gain) / Loss</b>	<b>(6,620)</b>

## Intangible Assets

Movements in intangible assets during 2020/21 are summarised as follows:

2019/20 Total £000		2020/21		
		Other Intangible Assets £000	Intangible AUC £000	Total £000
	<b>Cost or Valuation</b>			
<b>9,317</b>	<b>Balance at 1 April</b>	<b>10,559</b>	<b>0</b>	<b>10,559</b>
1,309	Additions	302	0	302
(67)	Write out of Joint Committees	0	0	0
0	Derecognition - Disposals	(6,443)	0	(6,443)
<b>10,559</b>	<b>Balance at 31 March</b>	<b>4,418</b>	<b>0</b>	<b>4,418</b>
	<b>Amortisation</b>			
<b>7,095</b>	<b>Balance at 1 April</b>	<b>8,267</b>	<b>0</b>	<b>8,267</b>
1,172	Amortisation	884	0	884
0	Derecognition - Disposals	(6,444)	0	(6,444)
<b>8,267</b>	<b>Balance at 31 March</b>	<b>2,707</b>	<b>0</b>	<b>2,707</b>
	<b>Net Book Value:</b>			
<b>2,292</b>	<b>Balance at 31 March</b>	<b>1,711</b>	<b>0</b>	<b>1,711</b>

## Capital Expenditure and Capital Financing

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

2019/20 £000		2020/21 £000
788,558	Opening Capital Financing Requirement*	848,897
	<b>Capital Expenditure:</b>	
91,376	Property, Plant and Equipment	144,445
231	Heritage Assets	66
0	Assets Held for Sale	351
58,624	Investment Properties	1,015
1,309	Intangible Assets	302
132	Loans / Equity	7,985
12,744	Expenditure on REFCUS	12,132
	<b>Sources of Finance:</b>	
(5,497)	Capital Receipts	(6,455)
(52,574)	Government grants and other contributions	(95,296)
(7,135)	Direct revenue contributions and reserves	(3,373)
(38,871)	Prudent revenue and capital provision for loan repayment	(49,312)
0	Amendment for Reduction in Landfill Provision	(2,000)
<b>848,897</b>	<b>Closing Capital Financing Requirement*</b>	<b>858,757</b>
	<b>Explanation of movements in year:</b>	

2019/20		2020/21
£000		£000
2,659	Increase / (Decrease) in underlying need to borrow (supported by government financial assistance)	2,607
57,680	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	7,253
<b>60,339</b>	<b>Increase in Capital Financing Requirement</b>	<b>9,860</b>

‡This includes a notional amount in respect of Landfill provision of 2019/20 £18.368 million and 2020/21 £17.348 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.

2019/20		2020/21
£000		£000
24,055	Council Fund revenue provision	24,714
12,807	Housing Revenue Account provision	13,396
<b>36,862</b>	<b>Prudent revenue provision</b>	<b>38,110</b>

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

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

2019/20		2020/21
£000		£000
	<b>Expenditure:</b>	
4,843	Housing Improvement Grants	4,181
2,901	Buildings not owned by Cardiff Council	4,403
5,000	Grants awarded (not Housing Grants)	1,244
0	Repayment of Grant	2,304
<b>12,744</b>	<b>Charged to Income and Expenditure Statement</b>	<b>12,132</b>
	<b>Funded by:</b>	
(11,041)	Grants and Contributions	(7,734)
(1,703)	Borrowing, Receipts and other Capital Resources	(4,398)
<b>(12,744)</b>		<b>(12,132)</b>

**Significant Capital Expenditure contractual commitments**

At 31 March 2021, the significant capital expenditure commitments scheduled for completion in 2021/22 and future years is shown below (£11.779 million 2019/20):

Capital Scheme	£000
Fitzalan - New High School	43,620
Cardiff Living - Highfields	6,950
Street Lighting LED - Residential	5,080
Pre-Contract Service Agreement - Cardiff Arena	4,700
Grangetown Gasworks Temporary Modular	4,410
Adams Court Refurbishment	3,860
Cardiff Living - Croft Street	3,140
Central Square Public Realm Air Quality	3,040
Ty Gwyn School - Phase 2	2,610
Tudor Street - Green Infrastructure	2,600
Electric Waste Collection Vehicles	2,230
Millennium Walkway Replacement	1,910
Cardiff Living - Llandudno Road	1,620
Roundwood Estate Regeneration Scheme	1,400
Cardiff Living - Howardian	1,190
Pop Up Cycleways - Phase 2	1,000
Tudor Street - Commercial Improvement Scheme	930
Caldicot Road	850
Lower Llanrumney Estate Regeneration	730
Michaelston School Demolition	560
Crwys Road - Road Safety Improvements	510
<b>Total</b>	<b>92,940</b>

**15. Financial Instruments****Financial Instrument Balances**

The following categories of Financial Instruments (Assets and Liabilities) are included in the Balance Sheet. They arise as a result of the Council's Treasury Management activities as well as Financial Instruments issued to further service objectives. Further detail and where applicable a fair value, are 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 2020				31 March 2021		
Long Term £000	Short Term £000	Total £000		Long Term £000	Short Term £000	Total £000
			Amortised Cost :			
0	76,000	<b>76,000</b>	Investments - Principal	0	98,862	<b>98,862</b>
0	106	<b>106</b>	Investments - Accrued Interest	0	20	<b>20</b>
0	35,922	<b>35,922</b>	Cash and Cash Equivalents	0	34,450	<b>34,450</b>
0	29	<b>29</b>	Cash and Cash Equivalents Accrued Interest	0	0	<b>0</b>

0	112,057	112,057	Total Investments at Amortised Cost Included in Investments	0	133,332	133,332
9,723	0	9,723	Total Investments at Fair Value through Other Comprehensive Income	14,792	0	14,792
577	784	1,361	Loans	1,285	786	2,071
8,124	131,859	139,983	Other Debtors	4,666	167,619	172,285
8,701	132,643	141,344	Total Debtors	5,951	168,405	174,356
18,424	244,700	263,124	Total Financial Assets	20,743	301,737	322,480
			Financial liabilities at Amortised Cost			
(807,540)	(21,233)	(828,773)	Loans (Principal)	(783,666)	(27,013)	(810,679)
0	(8,392)	(8,392)	Loans Accrued Interest	0	(8,380)	(8,380)
(807,540)	(29,625)	(837,165)	Total Borrowings	(783,666)	(35,393)	(819,059)

#### 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 2020/21, the Board of Cardiff Bus authorised the issue of additional shares and the Council agreed the acquisition of these shares at a value of £7 million as part of the implementation of a financial support package. The fair value of the investment at 31 March 2021 is estimated to be £14.059 million (£9.356 million in 2019/20)
- 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 2021. Interest payable for 2020/21 is £8.380 million (£8.392 million in 2019/20).

31 March 2020			Valuation Method - Level	31 March 2021	
Carrying amount £000	Fair value £000			Carrying amount £000	Fair value £000
(706,425)	(951,353)	Public Works Loan Board Loans (PWLB)	Level 2	(706,478)	(1,011,937)
(51,641)	(71,457)	Lender Option Borrower Option Loans	Level 2	(51,629)	(77,718)
(20,659)	(16,375)	Welsh Government	Level 2	(22,550)	(18,483)
(58,440)	(58,263)	Local Authorities and Other Loans	Level 2	(38,402)	(38,808)
<b>(837,165)</b>	<b>(1,097,448)</b>	<b>Financial Liabilities</b>		<b>(819,059)</b>	<b>(1,146,946)</b>

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 2021. An exit price fair value of £1.191 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
<b>2019-20</b>					<b>2020-21</b>			
<b>£000</b>					<b>£000</b>			
32,960	0	0	<b>32,960</b>	Interest Payable & Similar Charges	34,020	0	0	<b>34,020</b>
0	(966)	0	<b>(966)</b>	Interest and Investment Income	0	(376)	0	<b>(376)</b>
0	0	0	<b>0</b>	(Gain)/loss arising on Disposal / Derecognition of Financial Assets	0	0	(148)	<b>(148)</b>
0	0	1,101	<b>1,101</b>	(Gain)/loss arising on Revaluation or Disposal of Financial Assets	0	0	2,283	<b>2,283</b>
<b>32,960</b>	<b>(966)</b>	<b>1,101</b>	<b>33,095</b>	<b>Net (gain) / loss for the year</b>	<b>34,020</b>	<b>(376)</b>	<b>2,135</b>	<b>35,779</b>

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 2020 £000	Likelihood of Default	31 March 2021 £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 2021, the expected credit loss calculated on a historic risk of default basis is 0.01% or £11,170. This is minimal, so no provision for expected credit loss is recognised.	
<b>112,057</b>	<b>Deposits - Banks and Building societies</b>	<b>133,332</b>
	Repayments are recovered directly from employees pay and indemnity insurance is a condition of the loan. Default experience is minimal.	
<b>431</b>	<b>Car Loans</b>	<b>360</b>
	Includes loans to SMEs and Town Centre schemes. Where there is deemed to be a risk of non-repayment a provision for impairment is considered.	
<b>930</b>	<b>Loans to External bodies</b>	<b>1,711</b>
	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 2020/21 was based on the adjusted age profile disclosed as following:	
25,769	Less than one year	13,031
1,518	1-2 years	1,445
352	2-3 years	442
223	3-4 years	301
181	4-5 years	115
299	Over 5 years	444
<b>28,342</b>	<b>Customers</b>	<b>15,778</b>
<b>141,760</b>	<b>Total</b>	<b>151,181</b>

## 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 2020	Loans Outstanding	31 March 2021
£000		£000
698,866	Public Works Loans Board	698,866
51,000	Market Lender Option Borrower Option (LOBO)	51,000
20,644	Welsh Government	22,550
58,263	Local Authorities and Other Loans	38,263
<b>828,773</b>	<b>Total</b>	<b>810,679</b>
21,234	Under 12 months	27,013
26,988	12 months and within 24 months	22,698
30,431	24 months and within 5 years	13,370
53,798	5 years and within 10 years	66,310
174,310	10 years and within 20 years	175,275
169,000	20 years and within 30 years	170,000
212,689	30 years and within 40 years	212,689
135,323	40 years and within 50 years	118,324
5,000	50 years and within 60 years	5,000
<b>828,773</b>	<b>Total</b>	<b>810,679</b>

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

£m	Potential Repayment Date	Option Frequency	Full Term Maturity
6	21/05/2021	6 months	21/11/2041
6	21/05/2021	6 months	21/11/2041
6	21/05/2021	6 months	23/05/2067
6	02/09/2021	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, setting limits for fixed and variable rate exposure.
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 2020/21 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	134
Increase in interest receivable on investments	(828)
<b>Impact on Income and Expenditure Account</b>	<b>(694)</b>
Increase in interest transferred to other balances and accounts	204
<b>Net (Income) / Expenditure</b>	<b>(490)</b>

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

Changes in Fair Value	£000
Change in Fair Value of Fixed Rate Investments	0
Decrease in Fair Value of Fixed Rate Borrowings	(286,438)

## 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 £45,000 (£31,000 in 2019/20) which are quoted on a recognised stock exchange at 31 March 2021.

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 £703,000 gain or loss being recognised in the Movement in Reserves Statement.

## 16. Held for Sale Assets

31 March 2020		31 March 2021
£000		£000
2,570	Balance at 1 April	1,860
0	Additions	351
(290)	De-recognition	0
0	Impairment	(36)
(420)	Reclassified to/(from) Held for Sale	(977)
0	Revaluation increases /(decreases) to RR*	125
0	Revaluation increases /(decreases) to SDPS**	(405)
1,860	Balance at 31 March	918

\*Revaluation Reserve

\*\* Surplus/Deficit on Provision of Services

## 17. Short Term Debtors

31 March 2020		31 March 2021
£000		£000
80,148	Central Government Bodies	101,413
22,690	Other Local Authorities & NHS Bodies	23,319
29,805	Other Entities and Individuals including Public Corporations	43,673
132,643	Total Short Term Debtors	168,405

## 18. Cash and Cash Equivalents

31 March 2020		31 March 2021
£000		£000
223	Cash	151
(15,900)	Bank (including cheque book schools)	(8,909)
51,628	Short-term deposit with banks and building societies	43,208
<b>35,951</b>	<b>Total Cash and Cash Equivalents</b>	<b>34,450</b>

In addition to the above, at 31 March 2021 the Council held £637,000 (£789,000 at 31 March 2020) 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 2020		31 March 2021
£000		£000
(11,773)	Central Government Bodies	(17,786)
(13,000)	Other Local Authorities & NHS Bodies	(14,801)
(90,166)	Other Entities and Individuals including Public Corporations	(96,401)
<b>(114,939)</b>	<b>Total Short Term Creditors</b>	<b>(128,988)</b>

## 20. Interests in Other Companies and Other Organisations

The Council has four 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 three 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 2020/21. The Council does not depend upon these three organisations for statutory service provision and it is not considered that they expose the Council to a material level of commercial risk.

### Cardiff City Transport Services 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 has resulted in reductions in income and patronage, which will take time to recover, however actions taken during the year to support a transformation programme include:

- A focus on safety and essential services
- Use of the national Bus Emergency Scheme support and use of furlough
- A resizing exercise to support financial viability coupled with the strengthening of management team to focus on people and culture
- Beginning a process to invest in modern fleet to strengthen the balance sheet.

During 2020/21 there was also a significant risk to financial viability and going concern as a result of the need for the company and Trustees of the company pension scheme to agree the triennial valuation of the scheme at 31 March 2018 in line with statutory requirements and to avoid a risk of winding up of the scheme. In line with its responsibilities as shareholder, in order to protect the benefits of the members of the pension scheme and to ensure that the vital services people rely on can continue, 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. The Council became the statutory employer of the scheme on 3 March 2021.

The audited 2019/20 Statement of Accounts for Cardiff Bus were approved by the auditors and Company in March 2021 and submitted to Companies House thereafter. This included a technical adjustment in respect to valuation of assets as a result of the impact of the Covid-19 pandemic and further information is provided in the introduction to the Group Accounts section of this document.

The company's draft operating results, which include any subsidiaries, are summarised below:

31 March 2020		31 March 2021
£000		£000
(32,935)	Turnover and other income	(41,471)
32,557	Operating and other expenditure	28,800
<b>(378)</b>	<b>Net (Profit) / Loss before Taxation</b>	<b>(12,671)</b>
0	Taxation	342
<b>(378)</b>	<b>(Profit) / Loss after Taxation</b>	<b>(12,329)</b>

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

31 March 2020		31 March 2021
£000		£000
17,958	Bus and other operating assets	9,739
3,711	Current Assets	17,822
(4,901)	Less Current Liabilities	(3,962)
	Creditors: Amounts falling due after more than one year	
(3,839)	Provisions & Long term liabilities	(9,540)
(833)	Deferred Taxation	0
(2,740)	Pension Liability	0
<b>9,356</b>	<b>Total Assets less Liabilities</b>	<b>14,059</b>
	Represented by:	
4,618	Share Capital	11,618
1,589	Retained Earnings	(1,452)
3,149	Revaluation Reserve	3,893
<b>9,356</b>	<b>Net Worth</b>	<b>14,059</b>

The 2019/20 figures included in the table above have not been updated for Cardiff City Transport Services final accounts which were signed off after those of the Council, and remain as they were in the Council's Statement of Accounts 2019/20.

During 2020/21 the Council made payments totaling £18.207 million to Cardiff City Transport Services Ltd (£9.474 million in 2019/20), of which £9.229 million related to concessionary fares payments (£8.905 million

in 2019/20), £1 million for emergency financial support in June 2020 and £7 million in respect to acquisition of additional equity. The Council also received income of £89,000 (£169,000 in 2019/20).

At year-end, there is a balance due to Cardiff City Transport Services Ltd of £474,000 (£164,000 at March 2020) and £1 million due from Cardiff City Transport Services Ltd (£5,000 at March 2020).

During 2019/20 and 2020/21, no dividend was paid to the Council.

The accounts for year ended 31 March 2021 are in draft status and are pending audit, prior to submission to Companies House at the end of December 2021. The company's auditors for 2020/21 accounts 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 companies through the provision of business/incubator premises with a high level of support services. The Council's guarantee to CBTC is to pay costs not exceeding £10 in the event of the company being wound up. The draft operating results are shown as follows:

31 March 2020		31 March 2021
£000		£000
(19)	Net (Profit) / Loss before Taxation	(24)
4	Less: Taxation	9
<b>(15)</b>	<b>(Profit) / Loss after Taxation</b>	<b>(15)</b>

31 March 2020		31 March 2021
£000		£000
765	Total assets less current liabilities	776
(39)	Provision for taxation	(36)
(11)	Pension Liability	(29)
<b>715</b>	<b>Total Assets less Liabilities</b>	<b>711</b>
	Represented by:	
337	Retained Profit	386
(11)	Pension Reserve	(29)
389	Revaluation Reserve	354
<b>715</b>	<b>Net Worth</b>	<b>711</b>

During 2020/21 the Council made payments of £326,000 to CBTC (£272,000 in 2019/20) and received nil income (£36,000 in 2019/20 from CBTC. At year end, there is a balance due to CBTC of £36,000 (£32,000 at 31 March 2020) and no balance due from CBTC (£0 at 31 March 2019).

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. The draft operating results are shown below:

31 March 2020		31 March 2021
£000		£000
3	Net (Profit) / Loss before Taxation	(25)
0	Less: Taxation	4
<b>3</b>	<b>(Profit) / Loss after Taxation</b>	<b>(21)</b>

31 March 2020		31 March 2021
£000		£000
17	Total assets less current liabilities	34
(12)	Creditors: falling due after more than one year	(8)
<b>5</b>	<b>Total Assets less Liabilities</b>	<b>26</b>
	Represented by:	
5	Retained Profit	26
<b>5</b>	<b>Net Worth</b>	<b>26</b>

During 2020/21, the Council made no payments (£0 in 2019/20) to Atebion Solutions Ltd and received income of £94,732 (£50,215 in 2019/20) from Atebion Solutions Ltd. At year end, there is no balance due to Atebion Solutions Ltd (£0 at 31 March 2020) and a balance due of £85,256 from Atebion Solutions Ltd (£50,215 at March 2020).

The company's auditors are Azets.

### 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 existing buildings owned/operated by the council and other public and private sector organisations in the area. Due to its recent incorporation, there were no transactions between Cardiff Council and Cardiff Heat Network Limited for the financial year 2020/21.

## 21. Provisions

	Balance 31 March 2020	Utilised/ Released in year	Transfers to Provisions	Balance 31 March 2021	Not later than one year	Later than one year
	£000	£000	£000	£000	£000	£000
Insurance & MMI Scheme	(10,704)	3,203	(3,664)	(11,165)	(4,240)	(6,925)
Ferry Road Landfill	(8,152)	82	0	(8,070)	(322)	(7,748)
Lamby Way Landfill	(10,528)	412	0	(10,116)	(284)	(9,832)
City Deal	(343)	0	(150)	(493)	0	(493)
Other	(490)	399	(148)	(239)	(153)	(86)
<b>Total</b>	<b>(30,217)</b>	<b>4,096</b>	<b>(3,962)</b>	<b>(30,083)</b>	<b>(4,999)</b>	<b>(25,084)</b>

Insurance represents sums set aside to meet the cost of claims received, but not yet settled. The Council operates a system of self-insurance which provides cover either in part or in total for a considerable number

of the Council's insured risks. Major risks including property, liability and motor vehicle are partially self-funded whereas full cover is provided for secondary risks such as 'all-risks'.

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

Landfill aftercare - reflects the financial obligations to address restoration and aftercare for Lamby Way and Ferry Road sites in accordance with initial permits for the disposal of waste. These obligations can stretch for over 60 years with potentially significant but uncertain capital and revenue expenditure.

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 pays 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 2020		31 March 2021
£000	Pension Strain	£000
(1,496)	Pension Strain due within 1 year	(1,471)
(3,688)	Pension Strain due later than 1 year	(3,434)
<b>(5,184)</b>	<b>Total Pension Strain</b>	<b>(4,905)</b>

## 23. Deferred Liabilities

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

	Balance 31 March 2020 £000	Utilised/ Released in year £000	Transfers to Deferred Liabilities £000	Balance 31 March 2021 £000	Not later than one year £000	Later than one year £000
Commuted Maintenance Sums	(8,261)	583	(763)	(8,441)	(653)	(7,789)
Rent Smart Wales Income in Advance	(4,214)	2,526	(1,504)	(3,192)	(2,800)	(392)
<b>Total Deferred Liabilities</b>	<b>(12,475)</b>	<b>3,109</b>	<b>(2,267)</b>	<b>(11,633)</b>	<b>(3,453)</b>	<b>(8,181)</b>

## 24. 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 and the Capital Receipts Reserve.

### 24.1 Council Fund and HRA Balances

	Balance	Contributions		Balance
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000
<b>COUNCIL FUND AND HRA BALANCES</b>				
Council Fund Balance	14,255	0	0	<b>14,255</b>
Housing Revenue Account Balance	8,983	6,519	0	<b>15,502</b>
<b>Total Council Fund and HRA Balances</b>	<b>23,238</b>	<b>6,519</b>	<b>0</b>	<b>29,757</b>

### 24.2 Earmarked Reserves

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

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
<b>SCHOOLS BALANCES</b>					
Schools Reserves	5,317	16,919	(522)	<b>21,714</b>	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	<b>3</b>	To maintain path alongside Cathays High School
Primary/Special Schools Repairs	707	218	0	<b>925</b>	The overall balance held on the mutual scheme for repairs to school buildings.
	<b>6,027</b>	<b>17,137</b>	<b>(522)</b>	<b>22,642</b>	
<b>SCHOOLS RESERVES</b>					
Out of School Childcare	99	29	(10)	<b>118</b>	Surplus balances from each school operating an out of school childcare scheme. These can be drawn upon by each school to balance their in-year financial position.
Schools Catering	0	256	0	<b>256</b>	To be used to support the Schools Catering Service, including kitchen improvements, the implementation of a cashless transaction system.
Schools Formula Funding	226	1,900	(35)	<b>2,091</b>	A contingency set aside to meet unplanned and unforeseen expenditure incurred by or on behalf of the delegated schools budgets.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Schools Organisational Plan	501	8,749	(8,090)	1,160	To be used to manage the cash flow implications of the Schools Organisational Plan financial model.
	<b>826</b>	<b>10,934</b>	<b>(8,135)</b>	<b>3,625</b>	
<b>OTHER COUNCIL RESERVES</b>					
Adults Social Care	0	1,182	0	1,182	To provide interim funding for service specific pressures during 2021/22 and to enhance Adult Service's resilience in the short term in light of the demographic and market uncertainty created by the pandemic.
Apprenticeships and Trainees	590	0	(77)	513	To support the Council's commitment to young people through funding for apprenticeships and trainees.
Bereavement Services	137	614	(404)	347	To fund a planned programme of refurbishment and improvement.
Building Control Regulations	85	0	(36)	49	Represents historic surpluses relating to the ring fenced building control account which will be used to smooth the effects of any future deficits.
Bute Park Match Funding	73	0	0	73	To provide match funding for grant funded initiatives in relation to Bute Park, as per Heritage Lottery Fund agreement.
Capital Ambition Delivery	250	0	(250)	0	To fund additional advice and support for the delivery of Capital Ambition projects.
Cardiff Academy Training	78	0	0	78	To support initiatives undertaken by the Academy.
Cardiff Capital Region City Deal	216	0	0	216	To provide funding towards the Council's contribution to the Joint Cabinet for the Cardiff Capital Region City Deal.
Cardiff Dogs Home Legacy	312	88	(148)	252	Donations left to Cardiff Dogs Home to be used for improvements to the home.
Cardiff Enterprise Zone	2,377	970	(983)	2,364	To fund expenditure on the Cardiff Enterprise Zone in future years.
Central Market Works	269	0	(22)	247	To fund works at Cardiff Central Market and as potential match funding for external grants.
Children's Services	0	950	0	950	To be used to enhance Children's Services resilience in the short term, including provision of funding temporary staffing for Reviewing/Screening Service, Intervention Hub and additional in house fostering support.
Central Transport Service	0	177	0	177	To fund costs relating to the CTS vehicle service in future years.
City Events and Recovery	0	1,000	0	1,000	To support the post pandemic recovery.
City Wide Management and Initiatives	878	254	(386)	746	To fund city wide management and initiatives including supporting marketing and infrastructure.
Community Based Services Transition	169	0	(48)	121	To enable the better integration of community facilities across the public sector.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Community Initiatives	675	562	0	<b>1,237</b>	To fund initiatives arising from the legacy of the Community First Programme.
Connect to Cardiff Refurbishment	10	0	0	<b>10</b>	To fund expansion due to new and changing regulations.
Corporate Events and Cultural Services	829	339	(338)	<b>830</b>	To support 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	136	500	0	<b>636</b>	To support the corporate landlord functions across the Council in order to provide a cohesive and commercial operating model.
Corporate Recovery Risk	0	2,250	0	<b>2,250</b>	To mitigate risk of transition post pandemic.
Council Tax Reduction Scheme	0	2,000	0	<b>2,000</b>	To manage pressure and volatility in CTRS expenditure over the medium term.
Digital Transformation	0	3,203	0	<b>3,203</b>	To support new ways of working.
Discretionary Rate Relief	100	0	0	<b>100</b>	To fund changes to the NDR discretionary rate relief scheme.
Emergency Management, Safeguarding & Prevent	139	0	0	<b>139</b>	To fund preventative measures in relation to safeguarding, the Prevent agenda and emergency management.
Employee Changes	8,690	603	(567)	<b>8,726</b>	To meet the costs associated with voluntary redundancy and other employee costs in future years.
Energy Conservation (One Planet Cardiff)	47	150	(47)	<b>150</b>	To fund initiatives in connection with energy conservation.
Energy Market Volatility	336	0	0	<b>336</b>	To provide funding for unexpected fluctuations in the cost of energy.
Family Guarantor	0	339	0	<b>339</b>	To enable the authority to adopt the role of guarantor for landlords and aid the transfer of families from temporary accommodation into permanent homes
Flatholm	0	7	0	<b>7</b>	To fund initiatives and repairs and renewals at Flatholm.
Fraud Detection	44	0	0	<b>44</b>	To supplement staffing and other costs associated with fraud detection.
Governance and Legal Services	185	0	0	<b>185</b>	To fund future Governance & Legal Services initiatives, including projects in connection with ICT upgrades.
Harbour Authority Project and Contingency Fund	63	63	0	<b>126</b>	To fund expenditure for the improvement and enhancement of infrastructure, assets, activities or services in or around Cardiff Bay.
Highways Section 278	410	0	(68)	<b>342</b>	To support highway investment.
Homelessness	1,468	344	0	<b>1,812</b>	To be used to meet increases in homelessness pressures.
Housing Support	758	0	0	<b>758</b>	To improve sustainability by maintaining the independence of people in their own homes.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
ICT Holding Account	716	0	0	716	To fund future business process improvement initiatives and other future ICT initiatives.
Inspectorate Support	208	800	0	1,008	To procure necessary consultancy for inspections and regulatory environment.
Insurance	6,175	1,274	0	7,449	To protect the Council from future potential insurance claims.
Invest to Save	261	0	0	261	To be used in connection with revenue invest to save schemes.
Joint Equipment Store	221	84	0	305	To be utilised to offset deficits or one off expenditure items in the pooled budget, in future years.
Local Development Plan	38	300	0	338	To support the cost of the Local Development Plan and any potential appeals or judicial reviews.
Major Projects	480	0	0	480	To contribute towards the cost of Major Projects.
Members Development	61	0	0	61	To support any additional Members' ICT software.
Municipal Election	572	225	0	797	To support the cost of local elections.
Municipal Mutual Insurance	786	149	0	935	To reflect the fact that the Council are liable to pay a percentage of claims previously settle by Municipal Mutual Insurance (MMI) and contribute to the cost of future settled claims.
Non-Domestic Rates Due Diligence	60	0	0	60	To fund the costs of NDR due diligence.
Parking and Enforcement	2,115	8,569	(6,148)	4,536	This represents 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.
Projects, Design and Development	14	0	(14)	0	To cover unattributable anomalies in building design and construction and offset any annual trading deficits.
Property Asset Management	67	21	(72)	16	To be used by Strategic Estates, as a tool for managing timing and fluctuations of income from fees relating to the disposal of properties.
Red Dragon Centre	1,532	270	0	1,802	To support ongoing premises funding requirements.
Rentsmart	660	0	(202)	458	To reinvest in training and service delivery in respect of Rentsmart Wales.
Resources	843	1,468	(56)	2,255	To provide funding to a number of areas within the Resources Directorate, particularly where transition to new methods of operation are required.
Roads Maintenance	0	1,033	0	1,033	To fund future road maintenance improvements.
Scrutiny Development and Training	118	0	0	118	To fund scrutiny member development and training.

	Balance	Contributions		Balance	Purpose of the Reserve
	31 March 2020 £000	From Revenue £000	To Revenue £000	31 March 2021 £000	
Social Care Technology	655	0	0	655	To provide funding towards social care ICT developments.
South East Wales Construction Framework	535	440	0	975	Ring fenced revenue to fund future costs of the project. Remaining funding to be distributed amongst the participating authorities.
Strategic Budget	3,979	3,918	(750)	7,147	To support financial resilience and the future budget requirements of the Council over the three year budget period within the Medium Term Financial Plan.
Treasury Management	4,725	4,300	0	9,025	To assist with the 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	351	0	(31)	320	To manage in-year fluctuations in funding and financial performance of the service.
Waste Management	0	311	0	311	To support additional waste management initiatives to achieve recycling targets and offset the impact of additional tonnage and associated waste management costs.
Welfare Reform	1,853	291	0	2,144	To 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	178	609	0	787	To fund costs connected with the refurbishment of youth centres.
	<b>46,527</b>	<b>39,657</b>	<b>(10,647)</b>	<b>75,537</b>	
<b>SHARE OF JOINT COMMITTEE RESERVES</b>					
Cardiff Capital Region City Deal (CCRCD)	1,514	248	(1,062)	700	The Council's percentage share of the accumulated balances and earmarked usable reserves of Cardiff Capital Region City Deal.
	<b>1,514</b>	<b>248</b>	<b>(1,062)</b>	<b>700</b>	
<b>Total Council Fund Reserves</b>	<b>54,894</b>	<b>67,976</b>	<b>(20,366)</b>	<b>102,504</b>	
<b>HRA RESERVES</b>					
Housing Development Resilience	0	250	0	250	To mitigate against risk and improve resilience within the Housing Development Capital Programme
Housing Repairs and Building Maintenance	599	2,422	0	3,021	To fund costs of the housing repairs and to mitigate against risk within the construction industry.
Welfare Reform	279	150	0	429	To fund project costs and scheme development to address issues for council tenants due to benefit cap and universal credit.
<b>Total HRA Reserves</b>	<b>878</b>	<b>2,822</b>	<b>0</b>	<b>3,700</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>55,772</b>	<b>70,798</b>	<b>(20,366)</b>	<b>106,204</b>	

## 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.

2019/20		2020/21
£000		£000
(5,024)	On-street pay car parking fees	(1,364)
(1,186)	Off-Street car parking fees	(272)
(386)	Residents parking permits	(366)
(2,229)	Penalty charge notices	(1,003)
(5,082)	Moving Traffic Offences	(2,417)
(366)	Camera Car	(115)
(200)	Traffic Enforcement Centre	(22)
(14)	Other income	(23)
<b>(14,487)</b>	<b>Total Income</b>	<b>(5,582)</b>
659	Operational costs / Parking and Permits	599
6,064	Enforcement service	5,481
<b>6,723</b>	<b>Total Expenditure</b>	<b>6,080</b>
<b>(7,764)</b>	<b>Civil Parking Enforcement Net (Surplus)/Deficit</b>	<b>498</b>
0	Covid-19 LG Hardship Fund/Job Retention Scheme	(9,067)
<b>(7,764)</b>	<b>Revised Civil Parking Enforcement Net ((Surplus)/Deficit</b>	<b>(8,569)</b>
	Appropriations to Parking Reserve:	
<b>1,491</b>	<b>Balance 1 April</b>	<b>2,115</b>
7,764	Contributions from CPE	8,569
(7,140)	Contributions to revenue*	(6,148)
<b>2,115</b>	<b>Balance 31 March</b>	<b>4,536</b>

\* The reduction in income is as a result of Covid-19 and the trading surplus includes £9.067 million from Welsh Government Hardship Fund and the Coronavirus Job Retention Scheme. Eligible expenditure totalling £6.148 million was drawn down from the reserve leaving a balance of £4.536 million at 31 March 2021. 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 for various improvement schemes and initiatives approved by the Director of Planning, Transport & Environment in consultation with the Cabinet Member for Strategic Planning & Transport.

## 24.3 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.

2019/20		2020/21
£000		£000
<b>8,488</b>	<b>Balance as at 1 April</b>	<b>10,906</b>
	Movements during Year:	
9,249	Sale of Land, Buildings and other assets	15,161
626	Sale of Council Dwellings	236
99	Recoupments of grant/other	25

2019/20		2020/21
£000		£000
9,974		15,422
(5,497)	Finance Capital Expenditure	(6,455)
(2,009)	Provide for Repayment of External Loans	(11,200)
(50)	Other	0
<b>(7,556)</b>		<b>(17,655)</b>
<b>10,906</b>	<b>Balance as at 31 March</b>	<b>8,673</b>

## 25. Unusable Reserves

### 25.1 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.

2019/20		2020/21
£000		£000
<b>268,598</b>	<b>Balance as at 1 April</b>	<b>288,041</b>
35,426	Upward revaluation of assets	25,878
(14,316)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,342)
<b>21,110</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>24,536</b>
(1,290)	Difference between fair value depreciation and historical cost depreciation (charged to Capital Adjustment Account)	(1,281)
(377)	Accumulated gains on assets sold or scrapped	(542)
<b>(1,667)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(1,823)</b>
<b>288,041</b>	<b>Balance as at 31 March</b>	<b>310,754</b>

### 25.2 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 the Account, apart from those involving the Revaluation Reserve.

2019/20		2020/21
£000		£000
864,171	<b>Balance as at 1 April</b>	939,914
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(62,708)	Charges for depreciation and impairment of non-current assets	(62,755)
106,849	Reverse previous impairment on revaluation	597
(50,064)	Revaluation losses on Property, Plant and Equipment	(48,700)
(1,172)	Amortisation of intangible assets	(884)
0	Movement in Assets Held for Sale	(440)
(1,703)	Expenditure on REFCUS	(4,398)
(4,265)	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	(15,218)
<b>(13,063)</b>		<b>(131,798)</b>
1,290	Adjusting amounts written out of the Revaluation Reserve (historic cost adjustment)	1,281
<b>(11,773)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(130,517)</b>
	<b>Capital financing applied in the year:</b>	
5,497	Capital Receipts	6,455
7,135	Direct Revenue Financing	3,373
41,333	Grants and contributions	87,562
36,862	Prudent Revenue Provision	38,110
2,009	Capital receipts to provide for repayment of external loans	11,202
(1,230)	Reduction in loan debtors	(321)
<b>91,606</b>		<b>146,381</b>
(4,090)	Movements in the value of Investment Properties	(8,413)
<b>939,914</b>	<b>Balance as at 31 March</b>	<b>947,365</b>

### 25.3 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.

2019/20		2020/21
£000		£000
5,008	<b>Balance as at 1 April</b>	5,008
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
0	Transfers to the Capital Receipts Reserve upon receipt of cash	(5)
<b>5,008</b>	<b>Balance as at 31 March</b>	<b>5,003</b>

The balance in 2020/21 relates primarily to the deferred payment from disposal of land at Central Square, due in the financial year 2021/22.

## 25.4 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.

2019/20		2020/21
£000		£000
10,368	Balance as at 1 April	9,267
(1,101)	(Downwards) / Upwards revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(2,283)
9,267	Balance as at 31 March	6,984

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.

## 25.5 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 debit 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.

2019/20		2020/21
£000		£000
(674,020)	Balance as at 1 April	(840,894)
(127,222)	Actuarial gains or losses on pensions assets and liabilities	(198,203)
(89,038)	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	(93,109)
(854)	Reversal of amounts accrual in respect of pension strain for future years	280
50,240	Employer's pensions contributions and direct payments to pensioners payable in the year	46,553
(840,894)	Balance as at 31 March	(1,085,373)

## 25.6 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.

2019/20 £000		2020/21 £000
(8,901)	<b>Balance as at 1 April</b>	(11,580)
(2,679)	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	(6,113)
(11,580)	<b>Balance as at 31 March</b>	(17,693)

## 25.7 Donated Inventories Account

The Donated Inventories Account represents the value of donated inventories held as at 31 March 2021.

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.

2019/20 £000		2020/21 £000
0	<b>Balance as at 1 April</b>	0
0	Movement in Donated Inventories Account	3,211
0	<b>Balance as at 31 March</b>	3,211

## 26. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21

2019/20 £000		2020/21 £000
	<b>Credited to Taxation and Non-Specific Grant Income</b>	
(328,126)	Revenue Support Grant	(344,468)
(116,504)	Non-Domestic Rates	(124,579)
(39,599)	Capital Grants	(84,215)
(1,734)	Developers' Contributions	(3,347)
(485,963)	<b>Total</b>	(556,609)
	<b>Credited to Services (Revenue Grants &amp; Contributions)</b>	
(263,502)	Central Government Bodies	(381,231)
(22,609)	Other Local Authorities & NHS Bodies	(22,822)
(4,553)	Other Entities and Individuals including Public Corporations	(3,247)
(290,664)	<b>Total</b>	(407,300)

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 2020	Revenue Grants and Contributions Receipts in Advance	31 March 2021
£000		£000
(13,067)	Central Government Bodies	(17,548)
0	Other Local Authorities & NHS Bodies	(15)
(787)	Other Entities and Individuals including Public Corporations	(446)
<b>(13,854)</b>	<b>Total</b>	<b>(18,008)</b>

31 March 2020	Capital Grants Receipts in Advance	31 March 2021
£000		£000
(1,424)	Central Government Bodies	(13,797)
0	Other Local Authorities & NHS Bodies	0
0	Other Entities and Individuals including Public Corporations	0
<b>(1,424)</b>	<b>Total</b>	<b>(13,797)</b>

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

31 March 2020	Capital Contributions Receipts in Advance	31 March 2021
£000		£000
<b>(14,485)</b>	<b>Balance as at 1 April</b>	<b>(17,430)</b>
(4,889)	Contributions received during the year	(8,558)
1,792	Contributions applied to expenditure during the year	3,495
152	Reclassification	338
<b>(17,430)</b>	<b>Balance as at 31 March</b>	<b>(22,155)</b>

## 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 2021 is £6.610 million (£4.722 million at 31 March 2020).

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 £196,000 to 31 March 2021. The club are

committed to repay the loans in accordance with the contractual terms, however due to the current Covid-19 position, the Council's view is that risks of recovery still remain and the balance due of £1.764 million remains 100% impaired at 31 March 2021. 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 made a payment on account of £2.452 million to HMRC during 2018/19. 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 2021 four 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 £311,000 (£120,000 at 31 March 2020) 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 Council are liable to pay a percentage of claims previously settled by MMI and contribute to the cost of future settled claims. The Council's share of residual exposure is £2.536 million. The accounts reflect a provision of £254,000 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, as well as a penalty 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.

The Council completed the acquisition of the Red Dragon Centre site in January 2020 following Cabinet approval in December 2019. This acquisition secured control of an important site adjacent to existing Council land with the potential to stimulate the next phase of regeneration of Cardiff Bay, in particular the delivery of a new Indoor Arena. Subject to the outcome of Procurement in respect to a developer/operator, as well as any resulting submission of a planning application for an Indoor Arena on the Atlantic Wharf site, a further

deferred sum of £5.720 million is payable for the acquisition of the site. This includes £5.4 million in respect to the land transaction, with the balance being relevant land taxes.

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 until the finalisation of the next triennial valuation as at 31 March 2021. 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 2021 are shown in note 13.

## 28. Notes to Cash Flow Statement

2019/20		2020/21
£000	Adjust net surplus or deficit on the provision of services for non - cash movements	£000
(8,325)	Depreciation, impairment & amortisation	(112,504)
(39,652)	Charges made for retirement benefits (IAS19) less employers contributions	(46,276)
(4,265)	Carrying amount of non-current assets sold or derecognised	(15,661)
(193)	Increase/(decrease) in stock	3,691
30,999	Increase/(decrease) in debtors	876
(5,157)	Increase/(decrease) in creditors	(1,068)
(3,560)	Other non-cash items affecting net surplus or deficit on provision of services	(9,884)
<b>(30,153)</b>		<b>(180,826)</b>

2019/20		2020/21
£000	Items in net surplus/ deficit on provision of services that are investing and financing activities	£000
9,974	Proceeds from sale of non-current assets	15,417
41,333	Capital grants/contributions recognised in CIES	87,562
<b>51,307</b>		<b>102,979</b>

2019/20		2020/21
£000	Interest and Dividends	£000
(1,031)	Interest Received	(773)
32,653	Interest Paid	34,032
0	Dividends Received	0
<b>31,622</b>		<b>33,259</b>

**29. Prior Period Adjustment**

There are no prior period adjustments.

**30. Exceptional Items**

There are no exceptional items to disclose.

**31. Events after the Reporting Period**

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 21 October 2021 by the Corporate Director Resources. Post Balance Sheet events have been considered up to this date.

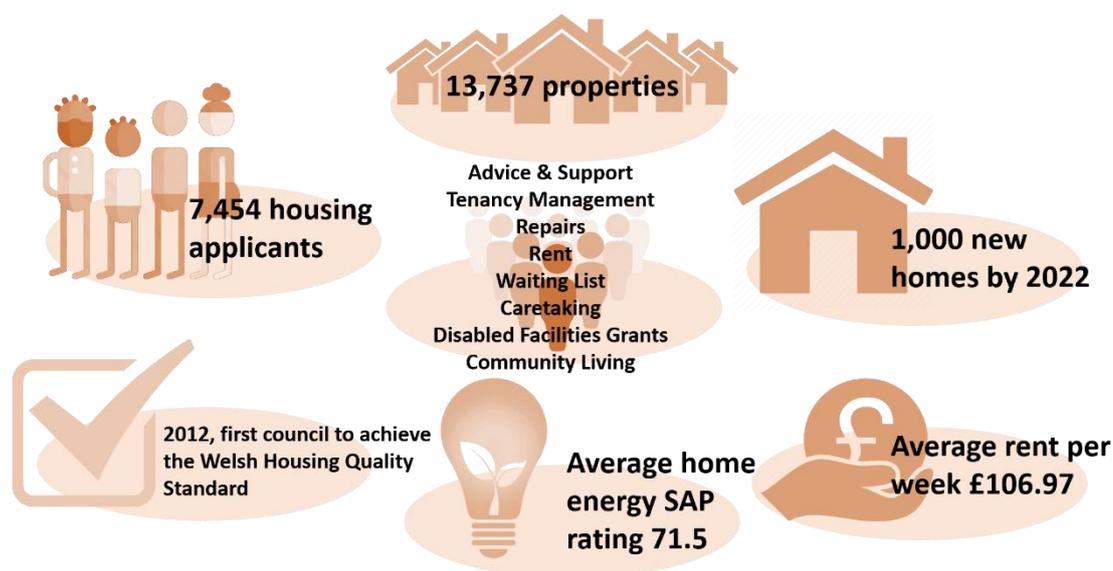


# Housing Revenue Account



## 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 Standards, 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:

- 83.0% of tenants were satisfied with the way we deal with repairs
- 83.2% 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.

Whilst in the short term, the Welsh Government 5 year rent policy approved from 2020/21 onwards has provided additional confidence around future planning, risk and uncertainty still exists over the medium to longer term. The management of the HRA and any risk to viability and sustainability is assessed through the

analysis of a detailed risk matrix to ensure key variables are monitored and that essential mitigation/offsetting actions are in place to manage the achievement of key plans and desired outcomes.

## Financial Performance 2020/21

The Housing Revenue Account reported a surplus position of £6.519 million for 2020/21 after a transfer to earmarked reserves of £2.822 million to meet future liabilities and commitments, including any additional repairs and works which may be required to properties particularly as a result of access restrictions in 2020/21 due to the pandemic. The overall position included a reduced spend on repairs and maintenance, lower capital financing costs reflecting the timing of capital investment and some delays to the programme. This included lower than planned expenditure on new build development schemes and delays to land appropriations.

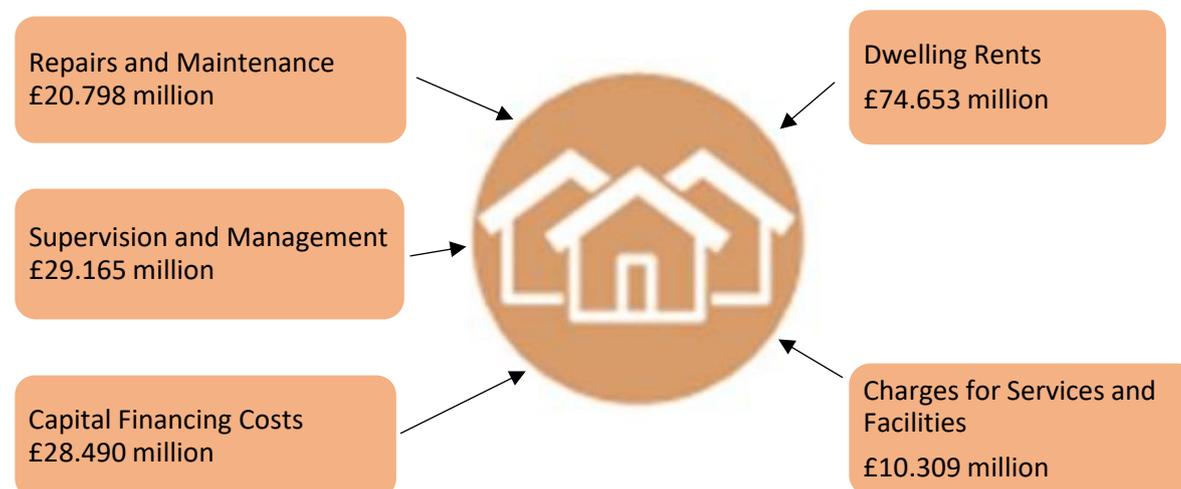
A reduction in rent and service charge income was offset by additional grant funding and by employee vacancy savings and other efficiencies. The percentage of void housing units (stock) as a proportion of the overall stock level during 2020/21 was 1.29% (1.89% in 2019/20)

Earmarked reserves and the Housing Revenue Account General Balance are £3.7 million and £15.502 million respectively at 31 March 2021.

## Revenue Expenditure and Funding

### Expenditure

### Income

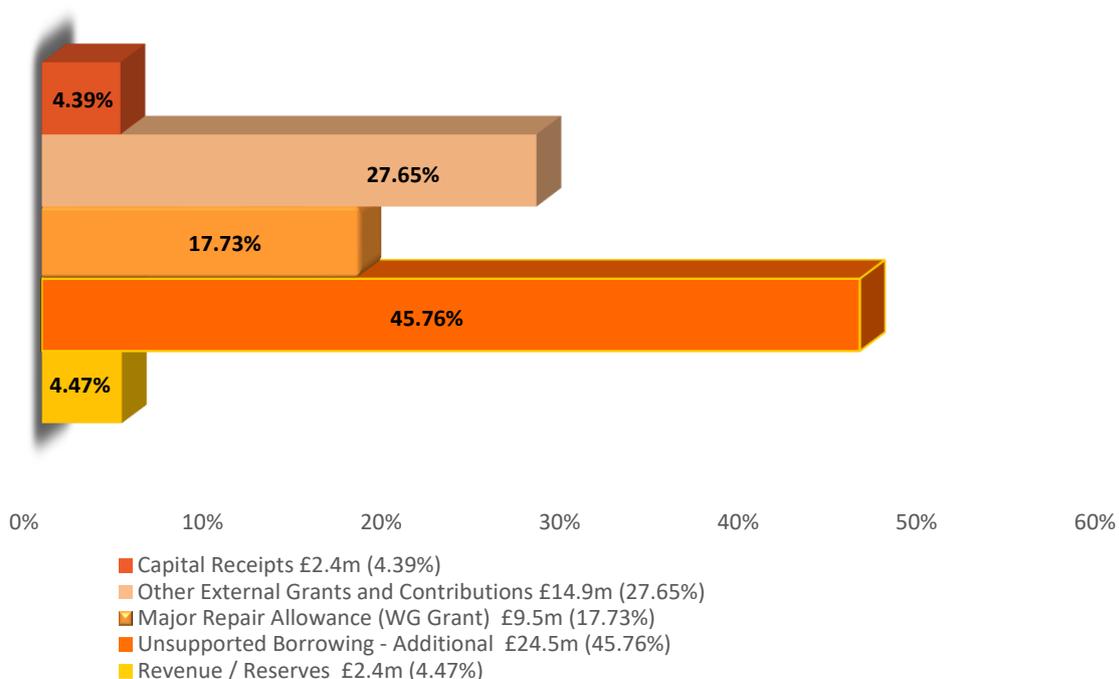


Our housing stock is valued in the accounts at £621.457 million. Dwellings were revalued in 2020/21 with the vacant possession value deemed to be £1.598 billion. In accordance with the valuation requirements, this was adjusted downwards, in our case by an adjustment factor of 38% in order to show the economic cost of providing social housing at less than market rent. The next valuation will take place in 2022/23.

## Capital Expenditure and Funding

Capital expenditure represents money spent on improving, acquiring and enhancing assets. During the year we spent £53.631 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 2021, this stands at £301.370 million; an increase of £11.138 million compared to the previous year. This is forecast to increase significantly over the next few years as set out in the 2021/22 HRA Revenue budget and MTFP approved by Council in March 2021. 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.

2019/20		Note	2020/21
£000			£000
	Management and maintenance comprising :		
23,069	Repairs and maintenance		20,798
27,303	Supervision and management		29,165
91	Rents, rates, taxes and other charges		245
1,232	Provision for bad and doubtful debts		(60)
13,173	Depreciation, impairment and revaluation losses of non-current assets	8	60,293
0	Movement in Held for Sale Assets		457
145	Sums directed by the Welsh Government that are expenditure in accordance with the Code	9	1,006
43	Debt management costs		36
<b>65,056</b>	<b>Total Expenditure</b>		<b>111,940</b>
(72,426)	Dwelling rents		(74,653)
(11)	Non-dwelling rents		(19)
(8,975)	Charges for services and facilities		(10,309)
0	Sums directed by the Welsh Government that are income in accordance with the Code		(902)
<b>(81,412)</b>	<b>Total Income</b>		<b>(85,883)</b>
<b>(16,356)</b>	<b>Net Cost of HRA Services as included in the Income and Expenditure Statement</b>		<b>26,057</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement:</b>		
(603)	(Gain)/loss on sale of HRA non-current assets		(1,521)
12,275	Interest payable and similar charges		12,658
1	Changes in fair value of investment properties		7
(1)	Interest and Investment income		0
(11,481)	Capital grants and contributions applied		(23,438)
<b>(16,165)</b>	<b>(Surplus)/Deficit for year on HRA Services</b>		<b>13,763</b>

## Movement on HRA Balance

2019/20		Note	2020/21
£000			£000
<b>(8,983)</b>	<b>Balance on the HRA at the end of the previous year</b>		<b>(8,983)</b>
(16,165)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		13,763
15,782	Adjustments between accounting basis and funding basis under regulations	1	(23,104)
<b>(383)</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>		<b>(9,341)</b>
383	Transfers to/(from) earmarked reserves		2,822
<b>0</b>	<b>Increase or decrease in the year on the HRA</b>		<b>(6,519)</b>
<b>(8,983)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(15,502)</b>

## Notes to the Financial Statements

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

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

2019/20		Note	2020/21
£000			£000
	<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
	<u>Reversal of items debited or credited to the HRA Income and Expenditure Statement:</u>		
13,090	Charges for depreciation and impairment of non-current assets	8	11,933
110	Revaluation losses of non-current assets		48,353
(27)	Reverse previous impairment on revaluation		(79)
0	Amortisation of intangible assets		86
1	Movement in the market value of investment properties		7
	Movement in Held for Sale Assets		457
(11,481)	Capital grants and contributions applied		(23,438)
145	Sums directed by Welsh Government		104
1,848	Non-current assets written off as part of the gain/loss on disposal to the HRA Income and Expenditure Statement		(2,285)
(12,807)	Prudent Provision for the financing of capital investment		(13,396)
(6,400)	Capital expenditure charged against the HRA		(2,400)
3	Credit for disposal costs that qualify to be met from the resulting capital receipts		0
	<b>Adjustments involving the Revaluation Reserve:</b>		
(2,451)	Non-current assets written off as part of the gain/loss on disposal to the HRA Income & Expenditure Account		766
	<b>Adjustments involving the Pensions Reserve:</b>		
6,191	Net Retirement Benefits per IAS19	4	6,461
(4,138)	Employers Contributions to pension schemes		(4,013)
104	Pension Strain Accrual – future years		(138)
	<b>Adjustments involving the Accumulated Absences Account:</b>		
30	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		687
<b>(15,782)</b>	<b>Total Adjustments</b>		<b>23,105</b>

## 2. Rental Income

This is the total rent income due for the year after allowance is made for voids etc. Void rent losses accounted for 1.93% of the total potential rental income (1.93% in 2019/20). Average rents were £106.97 per week (£104.53 in 2019/20) 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 2020			31 March 2021	
Arrears £000	Bad debt provision £000		Arrears £000	Bad debt provision £000
		<b>Rent Arrears</b>		
5,433	4,048	Dwellings	5,137	3,792
627	627	Hostels /Other accommodation	259	259
<b>6,060</b>	<b>4,675</b>	<b>Total Rent Arrears</b>	<b>5,396</b>	<b>4,051</b>
		<b>Other</b>		
95	57	Service charges	101	61
424	424	Tenant's recoverables	255	255
<b>519</b>	<b>481</b>	<b>Total Other Arrears</b>	<b>356</b>	<b>316</b>
<b>6,579</b>	<b>5,156</b>	<b>Total</b>	<b>5,752</b>	<b>4,367</b>

During 2020/21 debts totaling £584,000 were written off as irrecoverable (£386,000 in 2019/20).

## 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:

2019/20		2020/21
£000		£000
6,191	Current service cost	6,461
(4,138)	Cost of employer's contributions plus discretionary benefits	(4,013)
104	Pension Strain Accrual - Future Years	(138)
<b>2,157</b>	<b>Net transfer to Pensions Reserve</b>	<b>2,310</b>

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

## 5. Housing Stock

The Council's housing stock is shown below:

31 March 2020		31 March 2021
7,301	Houses	7,341
630	Bungalows	633
5,185	Flats/Bedsits	5,240
169	Maisonettes	171
352	Retirement complexes	352
<b>13,637</b>	<b>Total</b>	<b>13,737</b>

The Council also owns two hostels, providing the following accommodation:

31 March 2020		31 March 2021
23	Bed spaces in hostels	23
57	Flats in hostels	69
<b>80</b>	<b>Total</b>	<b>92</b>

## 6. Capital Expenditure and Capital Financing

2019/20		2020/21
£000		£000
<b>279,245</b>	Opening Capital Financing Requirement	<b>290,232</b>
	<b>Capital Expenditure:</b>	
41,375	Property, Plant and Equipment	52,625
0	Intangible assets including intangible AUC	0
0	Investment Properties	0
145	Expenditure on REFCUS	1,006
2,626	Appropriation of land	0
	<b>Sources of Finance:</b>	
(2,335)	Capital Receipts	(2,357)
(11,617)	Government grants and other contributions *	(24,340)
(6,400)	Direct revenue contributions and reserves	(2,400)
(12,807)	Prudent revenue and capital provision for loan repayment	(13,396)
<b>290,232</b>	<b>Closing Capital Financing Requirement</b>	<b>301,370</b>
	<b>Explanation of movements in year:</b>	
10,987	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	11,138
<b>10,987</b>	<b>Increase in Capital Financing Requirement</b>	<b>11,138</b>

\* £9.511 million (£9.500 million in 2019/20) 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 2020/21 were as follows:

- Council Dwellings and Home Purchase Contributions £236,000 (£626,000 in 2019/20)
- Land £2.142 million (£1.958 million in 2019/20)

## 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.

2019/20		2020/21
£000		£000
11,075	Council dwellings	9,490
1,537	Land and buildings	1,789
478	Vehicles, plant & equipment, intangibles and AUC	740
<b>13,090</b>	<b>Total Depreciation, Amortisation and Impairment</b>	<b>12,019</b>
0	Council dwellings	47,684
83	Land and buildings	590
0	Vehicles, plant & equipment, intangibles and AUC	0
<b>83</b>	<b>Total Revaluation</b>	<b>48,274</b>
<b>13,173</b>	<b>Total</b>	<b>60,293</b>

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

2019/20		2020/21
£000		£000
	<b>Expenditure:</b>	
145	Buildings not owned by Cardiff Council	1,006
<b>145</b>	<b>Charged to Income and Expenditure Account</b>	<b>1,006</b>
	<b>Funded by:</b>	
135	Grants and Contributions	902
10	Borrowing, Receipts and other Capital Resources	104
<b>145</b>		<b>1,006</b>



# Group Accounts



## Introduction

The group accounts that follow comply with the requirement of the 2020/21 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 2020/21 accounts for Cardiff Bus are in draft status.

The Council's 2019/20 audited accounts were based on the draft unaudited management accounts of Cardiff City Transport Services (Cardiff Bus). The final audited statements for Cardiff Bus can be found on the Companies House website and the link [here](#).

The audited financial statements for Cardiff Bus were signed and published in March 2021. These included a large technical adjustment not recognised in the draft figures previously disclosed in the Council's accounts in respect of vehicle impairment. This adjustment has not been actioned as a prior year change to the Council's accounts as this is deemed to be as a result of new information that wasn't previously available. The audited statements also included an audit view of material uncertainty related to going concern and an emphasis of matter in respect to material uncertainty related to the pension scheme.

In common with many businesses, post year end the company has been significantly impacted by the Covid-19 pandemic and the necessary measures put in place by government, which have affected travel patterns since March 2020. The company received £1 million of emergency financial support 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 during this unprecedented period, and have taken decisive action to protect the long-term sustainability of the business including taking advantage of the UK Government Job Retention Scheme throughout 2020/21.

The large technical adjustment in 2019/20 related to the valuation of assets as at 31 March 2020, at the start of the Covid-19 pandemic. To comply with financial reporting requirements the company reviewed the carrying value of the assets for impairment under the value in use and fair value less cost to sell basis. Given there was no firm commitment from Welsh Government in respect to measures to support the bus industry until after 31 March 2020, there was deemed to be a significant impairment in the value of vehicle assets. The overall impairment was £11.860 million. There will be a reversal of some of the bus fleet impairment as the industry recovers from the pandemic and the value in use model demonstrates a higher valuation.

With the continued uncertainty in respect of the pandemic, it remains difficult to predict the likely return of passenger numbers over the foreseeable future. It is expected that there will be a lasting effect of the Covid-19 pandemic on travel patterns with an acceleration of increased working and shopping from home. To assess the ability of Cardiff City Transport Services Limited to continue as a going concern, the directors have prepared a business plan for the period to 31 March 2027 and a detailed cash flow forecast for the period to 31 March 2022 which, together, represent the directors' best estimates during these unprecedented times. The business plan has also formed the basis of the assessment of the investment required for the business going forward over the short to medium term to continue to provide the service required for the city of Cardiff.

In response to the challenges faced by the Group and Company as a result of the Covid-19 pandemic a detailed review was performed on the company's cost base. In October 2020 the Company, with oversight from its turnaround committee, performed a resizing exercise with 112 employees leaving the business as a result of a reduction in demand for the service provided and the Shareholder approved a package of

measures to support the viability of the company and address the Cardiff Bus Pension Fund concerns in partnership with the Trustees. 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.

The Turnaround Committee, established in 2018 continued to support the business during the year. The remit of the Turnaround Committee is to oversee the changes and actions necessary to sustain the company's healthy financial position and create an organisation that is able to meet future challenges.

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 2020/21. 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

2019/20				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
19,663	(5,971)	13,692	Corporate Management	18,836	(14,507)	4,329
103,222	(53,376)	49,846	Economic Development	95,671	(49,083)	46,588
314,268	(77,419)	236,849	Education & Lifelong Learning	379,551	(92,688)	286,863
8,699	(2,223)	6,476	Governance & Legal Services	7,915	(1,244)	6,671
8,567	(5,724)	2,843	Harbour Authority	8,882	(5,916)	2,966
65,056	(81,412)	(16,356)	Housing Revenue Account	111,940	(85,884)	26,056
233,364	(184,223)	49,141	Housing and Communities	239,172	(186,546)	52,626
8,446	(5,499)	2,947	Performance and Partnerships	10,494	(7,281)	3,213
89,709	(62,326)	27,383	Planning , Transport and Environment	87,045	(52,760)	34,285
33,036	(11,365)	21,671	Resources	38,019	(18,415)	19,604
211,023	(30,629)	180,394	Social Services	245,614	(59,916)	185,698
2,870	(12,653)	(9,783)	Summary Revenue Account	4,967	(9,239)	(4,272)
0	0	0	Other Income	0	(22,664)	(22,664)
<b>1,097,923</b>	<b>(532,820)</b>	<b>565,103</b>	<b>Net Cost of Services</b>	<b>1,248,106</b>	<b>(606,143)</b>	<b>641,963</b>
37,469	0	37,469	Police and Crime Commissioner for South Wales	40,165	0	40,165
397	0	397	Community Council Precepts	446	0	446
17,696	0	17,696	Levies & Contributions	18,244	0	18,244
4,642	(8,685)	(4,043)	(Gain)/loss on sale of non-current assets	15,760	(15,081)	679
<b>60,204</b>	<b>(8,685)</b>	<b>51,519</b>	<b>Other Operating Expenditure</b>	<b>74,615</b>	<b>(15,081)</b>	<b>59,534</b>
33,124	0	33,124	Interest Payable on debt	34,092	0	34,092
36	0	36	Interest element of finance leases	56	0	56
14,872	0	14,872	Interest on net defined liability/(asset)	18,913	0	18,913
	(1,129)	(1,129)	Interest & Investment Income	0	(394)	(394)
6,566	(2,475)	4,091	Change in fair value of Investment Properties	13,490	(3,286)	10,204
0	0	0	Movement in Financial Instruments	0	(148)	(148)
<b>54,598</b>	<b>(3,604)</b>	<b>50,994</b>	<b>Financing and Investment Income &amp; Expenditure</b>	<b>66,551</b>	<b>(3,828)</b>	<b>62,723</b>
0	(41,333)	(41,333)	Recognised Capital Grants & Contributions	0	(87,562)	(87,562)
0	(328,126)	(328,126)	Revenue Support Grant	0	(344,468)	(344,468)
0	(116,504)	(116,504)	Non-Domestic Rates	0	(124,579)	(124,579)
(766)	(217,118)	(217,884)	Council Tax Income	2,135	(230,151)	(228,016)
0	0	0	Donated Inventories	0	(3,211)	(3,211)
129	0	129	Tax expenses - Corporation Tax payable/(owing)	342	(218)	124
<b>(766)</b>	<b>(703,081)</b>	<b>(703,847)</b>	<b>Taxation &amp; Non-Specific Grant Income</b>	<b>2,477</b>	<b>(790,189)</b>	<b>(787,712)</b>

2019/20				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,212,088	(1,248,190)	(36,102)	(Surplus)/Deficit on Provision of Services	1,391,749	(1,415,241)	(23,492)
		(35,427)	Revaluation Gains			(25,878)
		11,958	Revaluation Losses			1,109
		2,357	Impairment losses on non-current assets charged to the Revaluation Reserve			233
		(14)	(Surplus)/Deficit on Financial Instrument Revaluation Reserve			14
		127,276	Actuarial gains/losses on pension assets/liabilities			198,203
		0	Other gains/losses to be included in the Comprehensive Income and Expenditure			3,439
		1,439	Group entity adjustment			11,159
		107,589	<b>Other Comprehensive Income &amp; Expenditure</b>			188,279
		71,487	<b>Total Comprehensive Income &amp; Expenditure</b>			164,787

## Group Movement in Reserves

	Council Fund Balance	Council Fund Earmarked Reserves	HRA Balance	HRA Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves Council	Unusable Reserves - Group Entities	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019 carried forward</b>	<b>14,255</b>	<b>53,714</b>	<b>8,983</b>	<b>495</b>	<b>8,488</b>	<b>85,935</b>	<b>459,722</b>	<b>5,502</b>	<b>551,159</b>
<b><u>Movement in Reserves during 2019/20</u></b>									
Surplus or (deficit) on the provision of Services	19,559	0	16,165	0	0	35,724	0	378	36,102
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(106,096)	0	(106,096)
Group entity adjustment	0	0	0	0	0	0	0	(1,493)	(1,493)
<b>Total Comprehensive Income and Expenditure</b>	<b>19,559</b>	<b>0</b>	<b>16,165</b>	<b>0</b>	<b>0</b>	<b>35,724</b>	<b>(106,096)</b>	<b>(1,115)</b>	<b>(71,487)</b>
Adjustments between accounting basis & funding basis under regulations	(18,379)	0	(15,782)	0	2,418	(31,743)	31,743	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>2,418</b>	<b>3,981</b>	<b>(74,353)</b>	<b>(1,115)</b>	<b>(71,487)</b>
Transfers to/(from) Earmarked Reserves	(1,180)	1,180	(383)	383	0	0	0	0	0
<b>Increase / (Decrease) in 2019/20</b>	<b>0</b>	<b>1,180</b>	<b>0</b>	<b>383</b>	<b>2,418</b>	<b>3,981</b>	<b>(74,353)</b>	<b>(1,115)</b>	<b>(71,487)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>14,255</b>	<b>54,894</b>	<b>8,983</b>	<b>878</b>	<b>10,906</b>	<b>89,916</b>	<b>385,369</b>	<b>4,387</b>	<b>479,672</b>
<b><u>Movement in Reserves during 2020/21</u></b>									
Surplus or (deficit) on the provision of Services	24,927	0	(13,764)	0	0	11,163	0	12,329	23,492
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(177,120)	0	(177,120)
Group entity adjustment	0	0	0	0	0	0	0	(11,159)	(11,159)
<b>Total Comprehensive Income and Expenditure</b>	<b>24,927</b>	<b>0</b>	<b>(13,764)</b>	<b>0</b>	<b>0</b>	<b>11,163</b>	<b>(177,120)</b>	<b>1,170</b>	<b>(164,787)</b>
Adjustments between accounting basis & funding basis under regulations	22,683	0	23,105	0	(2,233)	43,555	(43,555)	0	0
<b>Net Increase / (Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>47,610</b>	<b>0</b>	<b>9,341</b>	<b>0</b>	<b>(2,233)</b>	<b>54,718</b>	<b>(220,675)</b>	<b>1,170</b>	<b>(164,787)</b>
Transfers to/(from) Earmarked Reserves	(47,610)	47,610	(2,822)	2,822	0	0	0	0	0
<b>Increase / (Decrease) in 2020/21</b>	<b>0</b>	<b>47,610</b>	<b>6,519</b>	<b>2,822</b>	<b>(2,233)</b>	<b>54,718</b>	<b>(220,675)</b>	<b>1,170</b>	<b>(164,787)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>14,255</b>	<b>102,504</b>	<b>15,502</b>	<b>3,700</b>	<b>8,673</b>	<b>144,634</b>	<b>164,694</b>	<b>5,557</b>	<b>314,885</b>

## Group Balance Sheet

31 March 2020		31 March 2021
£000		£000
1,858,888	Property, Plant & Equipment:	1,907,928
58,616	Heritage Assets	58,682
178,521	Investment Properties	156,238
2,292	Intangible Non-Current Assets including AUC	1,711
367	Long-term Investments	733
8,701	Long-term Debtors	5,951
654	Deferred tax asset	0
<b>2,108,039</b>	<b>Total Long-Term Assets</b>	<b>2,131,243</b>
76,106	Short-term Investments	98,882
1,860	Assets held for Sale	918
2,515	Inventories	6,240
133,400	Short-term Debtors	172,790
38,294	Cash and Cash Equivalents	47,040
<b>252,175</b>	<b>Total Current Assets</b>	<b>325,870</b>
(29,625)	Short-term Borrowing	(35,393)
(117,772)	Short-term Creditors	(132,579)
(1,496)	Pension Strain	(1,471)
(5,957)	Provisions	(4,999)
(4,561)	Deferred Liabilities	(3,453)
<b>(159,411)</b>	<b>Total Current Liabilities</b>	<b>(177,895)</b>
(808,440)	Long Term Borrowing	(783,666)
(25,487)	Provisions	(25,997)
(11,525)	Deferred Liabilities	(11,111)
(17,430)	Capital Contributions Receipts in Advance	(22,155)
(13,854)	Revenue Grants Receipts in Advance	(18,008)
(1,424)	Capital Grants Receipts in Advance	(19,494)
(3,688)	Pension Strain	(3,434)
(838,450)	Net Pensions Liability	(1,080,468)
(833)	Deferred tax liability	0
<b>(1,721,131)</b>	<b>Total Long-Term Liabilities</b>	<b>(1,964,333)</b>
<b>479,672</b>	<b>NET ASSETS</b>	<b>314,885</b>
	<b>Financed by:</b>	
14,255	Council Fund Balance	14,255
54,894	Council Fund Earmarked Reserves	102,504
8,983	Housing Revenue Account Balance	15,502
878	Housing Revenue Account Earmarked Reserves	3,700
10,906	Capital Receipts Reserve	8,673
<b>89,916</b>	<b>Usable Reserves</b>	<b>144,634</b>
291,190	Revaluation Reserve	314,647
939,914	Capital Adjustment Account	947,365
5,008	Deferred Capital Receipts	5,003
4,529	Financial Instruments Revaluation Reserve	4,543
(848,114)	Pensions Reserve	(1,085,373)
(11,580)	Accumulated Absences Adjustment Account	(17,693)

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>		<b>£000</b>
0	Donated Inventories	3,211
8,809	Reserves (Group Entities)	(1,452)
<b>389,756</b>	<b>Unusable Reserves</b>	<b>170,251</b>
<b>479,672</b>	<b>TOTAL RESERVES</b>	<b>314,885</b>

## Group Cash Flow

2019/20		2020/21
£000		£000
(36,102)	Net (Surplus) /Deficit on the provision of services	(23,492)
(32,067)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(169,498)
51,307	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	102,979
<b>(16,862)</b>	<b>Net cash flows from operating activities</b>	<b>(90,011)</b>
151,540	Purchase of property, plant and equipment, investment property and intangible assets	146,391
7,000	Purchase of short-term and long-term Investments	23,337
(3,575)	Other payments for investing activities	(17,098)
(9,974)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15,436)
(36,798)	Capital Grants and Contributions	(98,976)
<b>108,193</b>	<b>Net cash flows from investing activities</b>	<b>38,218</b>
(111,060)	Cash receipts from short-term and long-term borrowing	(3,111)
(3,861)	Other receipts from financing activities	20,618
448	Cash payments for the reduction of outstanding liabilities relating to finance leases	3,253
6,647	Repayments of short-term and long-term borrowing	22,287
0	Other payments for financing activities	0
<b>(107,826)</b>	<b>Net cash flows from financing activities</b>	<b>43,047</b>
<b>(16,495)</b>	<b>Net (increase)/ decrease in cash and cash equivalents</b>	<b>(8,746)</b>
21,799	Cash and cash equivalents at the beginning of the reporting period	38,294
<b>38,294</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>47,040</b>

## 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
2019/20		2020/21
0	60,000-69,999	0
0	70,000-74,999	1
1	75,000-79,999	1
2	80,000-84,999	0
0	85,000-139,999	0
0	140,000-144,999	1
0	145,000-149,999	0
<b>3</b>	<b>Total</b>	<b>3</b>

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. However, the 2020/21 Cardiff Bus draft accounts may refer to exceptional items in respect of redundancy payments and an impairment adjustment to their non-current assets. These are not considered to be exceptional within 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 2020/21, 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 to the County Council, under the management of the Cardiff Harbour Authority in May 2006. It is intended to continue to retain and enhance the cultural, arts programmes and the links between Wales and Norway of this important visitor attraction on the Cardiff Bay Waterfront for future generations.

**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 2021 have yet to be examined. This is to be undertaken during 2021 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 2020 £	Income £	Expenditure £	Asset Revaluation £	Balance as at 31 March 2021 £
<b>Funds for which the Council is sole Trustee</b>					
Llandaff War Memorial Fund	1,429	0	(11)	0	<b>1,418</b>
Maindy Park Foundation	79,405	0	(11)	0	<b>79,394</b>
Norwegian Church Preservation Trust	(119,832)	49,291	(52,268)	0	<b>(122,809)</b>
Cardiff Further Education Trust/Craddock Wells	24,194,642	118,867	(100,358)	391,362	<b>24,604,513</b>
<b>Total funds for which the Council is Sole Trustee</b>	<b>24,155,644</b>	<b>168,158</b>	<b>(152,648)</b>	<b>391,362</b>	<b>24,562,516</b>
<b>Funds administered by the Council</b>					
R Fice Memorial Trust	51,805	1,917	(2,173)	11,134	<b>62,683</b>
The Howardian Trust	35,540	883	0	1,991	<b>38,414</b>
<b>Total funds which are administered by the Council</b>	<b>87,345</b>	<b>2,800</b>	<b>(2,173)</b>	<b>13,125</b>	<b>101,097</b>
<b>Total</b>	<b>24,242,989</b>	<b>170,958</b>	<b>(154,821)</b>	<b>404,487</b>	<b>24,663,613</b>

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 13 March 2020.

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

For the financial year 2020/21, the Council worked with Welsh Government to identify achievable efficiencies, service reductions and savings against the approved Fixed Costs budget and to agree on an appropriate budget arrangement for Asset Renewal. The Welsh Government agreed Fixed Costs funding of £4.961 million and Asset Renewal of £262,000, giving a total budget of £5.223 million, which is the same overall total as the 2019/20 financial year. In addition, in March 2021, an additional claim for £356,000 was approved in respect of agreed works for de-shoaling of the River Taff near the city centre and a 50% contribution to Associated British Ports dock feeder maintenance. This resulted in a total approved budget of £5.579 million.

The introduction of government restrictions as a result of the Covid-19 pandemic had a significant impact on income generation for the Harbour Authority in respect to car parking, the Water Activity Centre with the shortfall mitigated by managed underspends across other areas of expenditure.

The financial deficit after accounting adjustments for the year ended 31 March 2021 was £2.734 million (£2.278 million in 2019/20).

Total eligible Capital expenditure incurred during the year was £351,000 and of this, £232,000 was funded by Grant. This was a single year programme in 2020/21 for works at the harbour, barrage and surrounding environmental infrastructure. This included refurbishment works on Penarth marina railings and the acquisition of a barrage crawler crane.

## Key Achievements

During 2020/21 Cardiff Harbour Authority continued to meet its statutory obligations. Despite the challenges faced through the Covid-19 restrictions. Achievements against the Harbour Authority action plan and performance indicators which form part of the Business Plan reported quarterly to the Welsh Government are:

- Retained Green Flag Status for the Barrage, Cardiff Bay Wetlands and Flat Holm
- Continued accreditation of the ISO14001 standard
- Effectively liaised with potential event organisers to plan for events on Alexandra Head for end of 2021/2022.
- High level compliance in maintaining statutory water quality standards
- 466 tonnes of litter removed from the rivers and bay
- Effectively dealt with anti-social behavior through adopting a multi-agency approach and attending weekly liaison meetings
- Delivered an online water safety project to school with Theatre Na Nog and Arts & Business
- 1,360,000 Barrage users which is the highest ever footfall recorded
- Bay Trail Wayfinding improvement project was completed
- 41,087 social media followers
- Crawler crane replacement on the Barrage
- Statutory buoyage maintenance
- 99% compliance on Dissolved Oxygen performance indicator for the bay
- Covid-19 land patrols during first lockdown
- Replaced castle water bus stop
- Skatepark improvements
- Effectively responded to all lockdown and easing of measures to ensure safe use of facilities for the public and staff

## ***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 2020/21 and financial position of the Harbour Authority at 31 March 2021.

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

**Date:21 October 2021**

# ***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 2021 under the Public Audit (Wales) Act 2004.

Cardiff Harbour Authority's financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the 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 2021 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 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 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 and posting of unusual journals.
- obtaining an understanding of Cardiff Harbour Authority's framework of authority as well as other legal and regulatory frameworks that Cardiff Harbour Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff Harbour Authority.

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

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

24 Cathedral Road

Auditor General for Wales

Cardiff

28 October 2021

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 2020/21 financial year and its financial position at 31 March 2021. 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 Property, Plant, Equipment, Community and Heritage Assets

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.

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	14-57
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	7-120
Investment Properties	Fair Value	n/a
Surplus Assets	Fair Value	n/a
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	7-12

\* 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

2019/20		2020/21
£000		£000
	<b>Expenditure</b>	
2,801	Employees	2,927
1,121	Premises	1,223
68	Transport	40
1,343	Supplies and Services	1,461
450	Support Services	436
4	Third Party Payments	2
2,780	Capital Charges	2,793
<b>8,567</b>	<b>Total Expenditure</b>	<b>8,882</b>
	<b>Income</b>	
(4,818)	Government Grants	(5,533)
(565)	Capital Grants Applied	(232)
(906)	Fees and Charges	(383)
<b>(6,289)</b>	<b>Total Income</b>	<b>(6,148)</b>
<b>2,278</b>	<b>Net Expenditure for the Year</b>	<b>2,734</b>

## Balance Sheet

31 March 2020		Note	31 March 2021
£000			£000
160,626	Property, Plant and Equipment	2	158,122
56	Heritage Assets	2	56
0	Intangible Assets	2	63
<b>160,682</b>	<b>Total Long Term Assets</b>		<b>158,241</b>
352	Inventory	3	434
41	Debtors	4	69
276	Cash		209
<b>669</b>	<b>Total Current Assets</b>		<b>712</b>
(590)	Creditors	5	(926)
<b>(590)</b>	<b>Total Current Liabilities</b>		<b>(926)</b>
<b>160,761</b>	<b>Net Assets</b>		<b>158,027</b>
	<b>Funded by:</b>		
156,272	General Reserve	1	153,538
4,489	Revaluation Reserve	1	4,489
<b>160,761</b>	<b>Total Reserves</b>		<b>158,027</b>

## Notes to the Financial Statements

### 1. Reserves

Held within the General Reserve is an earmarked amount reserved for project activities and contingencies. This amount is £126,000 as at 31 March 2021 (£63,000 as at 31 March 2020).

2019/20			2020/21	
General Reserve £000	Revaluation Reserve £000		General Reserve £000	Revaluation Reserve £000
158,550	4,489	Balance as at 1 April	156,272	4,489
(2,278)	0	Movements in Reserves	(2,734)	0
156,272	4,489	Balance as at 31 March	153,538	4,489

### 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 and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Investment Assets	Total Property, Plant and Equipment	Heritage Assets	Intangible Assets
Movements in Cost or Value	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>1 April 2019</b>	6,577	1,273	219,378	1,103	43	333	228,707	56	0
Additions	0	86	509	0	0	0	595	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	6,577	1,359	219,887	1,103	43	333	229,302	56	0
Additions	0	237	35	0	0	0	272	0	79
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0
<b>At 31 March 2021</b>	6,577	1,403	195,785	1,103	43	333	205,244	56	79
<b>Movements in Depreciation/Impairment</b>									
<b>1 April 2019</b>	73	623	65,200	0	0	0	65,896	0	0
Depreciation Charge	72	194	2,514	0	0	0	2,780	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2020</b>	145	817	67,714	0	0	0	68,676	0	0
Depreciation Charge	71	188	2,517	0	0	0	2,776	0	16
Derecognition - Disposals	0	(193)	(24,137)	0	0	0	(24,330)	0	0
<b>At 31 March 2021</b>	216	812	46,094	0	0	0	47,122	0	16
<b>Net Book Value:</b>									
<b>At 31 March 2020</b>	6,432	542	152,173	1,103	43	333	160,626	56	0
<b>At 31 March 2021</b>	6,361	591	149,691	1,103	43	333	158,122	56	63

### 3. Inventory

31 March 2020		31 March 2021
£000		£000
352	Balance as at 1 April	352
0	Stock Adjustment	82
352	Balance as at 31 March	434

### 4. Debtors

31 March 2020		31 March 2021
£000		£000
0	Central Government Bodies	0
41	Trade Receivables	69
41	Total Debtors	69

### 5. Creditors

31 March 2020		31 March 2021
£000		£000
(29)	Central Government Bodies	(29)
(561)	Trade Payables	(897)
(590)	Total Creditors	(926)



# 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.

### **Civil Parking Enforcement**

A responsibility granted by Welsh Government designating Cardiff as a "Civil Enforcement Area". This gives the Council direct control over the deployment of enforcement staff across the highway network, allowing enforcement to be targeted more effectively to local needs and transportation strategies.

### **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.

**Curtailment (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.