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CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Mr Dylan J. Williams
Prif Weithredwr – Chief Executive
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RHYBUDD O GYFARFOD	NOTICE OF MEETING
PWYLLGOR LLYWODRAETHU AC ARCHWILIO	GOVERNANCE AND AUDIT COMMITTEE
DYDD IAU, 18 GORFFENNAF 2024 am 2:00 y. p.	THURSDAY, 18 JULY 2024 at 2.00 pm
YSTAFELL BWYLLGOR, SWYDDFEYDD Y CYNGOR AC YN RHITHIOL DRWY ZOOM	COMMITTEE ROOM, COUNCIL OFFICES AND VIRTUALLY VIA ZOOM
Swyddog Pwyllgor	Ann Holmes 01248 752518 Committee Officer

AELODAU / MEMBERS

Cynghorwyr / Councillors:-

PLAID CYMRU / THE PARTY OF WALES

Geraint Bebb, Trefor Lloyd Hughes, MBE, Dyfed Wyn Jones, Euryrn Morris (*Deputy Chair*), Margaret M. Roberts

Y GRWP ANNIBYNNOL / THE INDEPENDENT GROUP

Ieuan Williams

LLAFUR CYMRU/WELSH LABOUR

Keith Roberts

ANNIBYNNWYR MÔN / ANGLESEY INDEPENDENTS

Liz Wood

AELODAU LLEYG / LAY MEMBERS

Dilwyn Evans (*Chair*), William Parry, Sharon Warnes, Michael Wilson

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A G E N D A

1 DECLARATION OF INTEREST

To receive any declaration of interest by any Member or Officer in respect of any item of business.

2 MINUTES OF THE PREVIOUS MEETING (Pages 1 - 6)

To present the minutes of the previous meeting of the Governance and Audit Committee held on 27 June 2024.

3 GOVERNANCE AND AUDIT COMMITTEE ACTION LOG (Pages 7 - 10)

To present the report of the Head of Audit and Risk.

4 DRAFT STATEMENT OF THE ACCOUNTS 2023/24 (Pages 11 - 126)

To present the report of the Director of Function (Resources)/Section 151 Officer.

5 DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24 (Pages 127 - 142)

To present the report of the Head of Profession (HR) and Transformation.

6 REVIEW OF THE ANNUAL DRAFT CORPORATE SELF-ASSESSMENT REPORT 2023/24 (Pages 143 - 168)

To present the report of the Head of Profession (HR) and Transformation.

7 INTERNAL AUDIT UPDATE (Pages 169 - 176)

To present the report of the Head of Audit and Risk.

8 NATIONAL FRAUD INITIATIVE 2022-24 OUTCOMES PROGRESS REPORT (Pages 177 - 186)

To present the report of the Head of Audit and Risk.

9 REVIEW OF FORWARD WORK PROGRAMME (Pages 187 - 194)

To present the report of the Head of Audit and Risk.

GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held in the Committee Room and on Zoom on 27 June 2024

- PRESENT:** Mr Dilwyn Evans (Lay Member) (Chair)
Councillor Ieuan Williams (Deputy Chair for this meeting only)
- Councillors Geraint Bebb, Trefor Lloyd Hughes, MBE,
Keith Roberts
- Lay Members: Michael Wilson, William Parry, Mrs Sharon Warnes
- IN ATTENDANCE:** Director of Function (Resources) and Section 151 Officer
Head of Audit and Risk
Corporate Planning, Performance and Programme Manager
(for item 9)
Principal Auditor (NW)
Committee Officer (ATH)
Democratic Services Support Assistant (Webcasting) (CH)
- APOLOGIES:** Councillors Euryrn Morris (Deputy Chair), Liz Wood.
- ALSO PRESENT:** Councillor Robin Williams (Deputy Leader and Portfolio Member for Finance), Rachel Freitag (Financial Audit Manager – Audit Wales), Carwyn Rees (Performance Audit Manager – Audit Wales), Lora Williams (Audit Lead - Audit Wales), Andrew Lewis (Senior IOACC Auditor).
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In the absence of Councillor Euryrn Morris the Deputy Chair, Councillor Ieuan Williams was elected to serve as Deputy Chair for this meeting only.

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meetings of the Governance and Audit Committee held on the following dates were presented and were confirmed as correct:

- 18 April 2024
- 21 May 2024 (election of Chair/Deputy Chair)

3. EXTERNAL AUDIT: DETAILED AUDIT PLAN 2024

The report of Audit Wales setting out the detailed audit plan for the Isle of Anglesey County Council for the 2023/24 audit year was presented for the Committee's consideration. The Plan set out the work proposed to be undertaken in relation to the financial audit and the financial statements' audit timetable, along with the planned performance audit work. The report also referred to the audit team and the proposed audit fee for the activities set out.

The financial audit element of the report was presented by Rachel Freitag, Financial Audit Manager, Audit Wales, who referred to the materiality levels and the basis for them as well as the significant financial statements' risks and the planned audit response. Carwyn Rees, Performance Audit Manager, Audit Wales, provided an overview of the proposed performance audit work.

In response to questions by the Committee, Audit Wales confirmed the following –

- That the amended figures with regard to the audit of financial statements work and performance audit work circulated prior to the meeting apply to the estimated fee for 2023 column in the plan.
- That the reference to the Local Government Pension Scheme (LGPS) in relation to the identified risk regarding the valuation of the pension fund net liability means the main Pension Scheme administered by the Gwynedd Pension Fund. It was clarified that the Teachers' Pension Scheme is accounted for differently and separately from the LGPS in the accounts. In response to a further query about the treatment in the accounts – specifically the balance sheet - of a net surplus position on the LGPS pension fund as occurred in 2022/23 and which could possibly reoccur in 2023/24, the Director of Function (Resources)/Section 151 Officer advised that having discussed the matter with the auditors and having regard to the accounting rules, it was decided that the pension fund surplus be shown as nil on the balance sheet in 2022/23. However, the notes to the accounts for 2022/23 explained how the pension fund surplus was calculated by the Actuary.
- That the review of cyber security arrangements is specific to Anglesey for the audit year to which the Plan refers and although it has not been delivered as a thematic review in all 22 councils in Wales in the same year it is a piece of work that has been undertaken in a few councils and has been shown to provide value.

Having considered the report, it was resolved to accept and note the information presented with regard to the planned audit work and related fees for 2024.

4. REVIEW OF THE GOVERNANCE AND AUDIT COMMITTEE'S TERMS OF REFERENCE

The report of the Head of Audit and Risk incorporating the revised Terms of Reference for the Governance and Audit Committee was presented for the Committee's approval.

The report was presented by the Head of Audit and Risk who advised that the Committee's Terms of Reference have been revised and streamlined in accordance with the recommendations of the Committee's self-assessment facilitated by CIPFA. Members of the Committee had been previously provided with a detailed copy of the Terms of Reference with the changes highlighted and the reasons for them explained and had been afforded the opportunity to comment on them if they so wished. No comments had been received.

The revised Terms of Reference were accepted as presented without comment by the Committee. The Head of Audit and Risk advised that as the changes proposed are minor in nature, they can be implemented by the Council's Monitoring Officer without having to be submitted to Full Council.

It was resolved to formally approve the revised Terms of Reference.

5. INTERNAL AUDIT ANNUAL REPORT 2023/24

The Annual Report of the Internal Audit Service for 2023/24 was presented for the Committee's consideration. The report summarised the work and performance of Internal

Audit during 2023/24 and provided the Head of Audit and Risk's opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework for the year along with a statement on conformance with the Public Sector Internal Audit Standards (PSIAS)

The report was presented by the Head of Audit and Risk who highlighted the main points including the Head of Audit and Risk's opinion that for the 12 months ended 31 March, 2024 the Council had an adequate and effective framework for risk management, governance, and internal control; the work supporting the opinion; the performance of Internal Audit against agreed indicators and conformance with the PSIAS. The Head of Audit and Risk referred also to Appendix B of the report which detailed the audit coverage of red and amber residual risks in the strategic risk register over the past six years.

The following were points of discussion by the Committee –

- Whether the responsibility for strategic risk YM9 (the risk of a lack of suitable housing that local residents can afford in their local communities) should lie with the Council and whether in being rated "Yellow" in the June 2022 audit it is being underrated given the increase in the number of people on the Council housing waiting list.
- The approach to measuring new risk YM16 (the risk that the Council is unable to manage change effectively which limits its ability to modernise and deliver sustainable, effective, and efficient services)
- Whether given the addition of strategic risk YM16 to the Corporate Risk Register, the Internal Audit Service is adequately resourced with 3.3 actual FTE in 2023/24 against a target of 4.0 FTE in 2023/24 and a target which was 5.0 FTE in 2022/23.
- Whether paragraph 35 of the report indicates that management's understanding and awareness of risks has evolved and matured.

The Committee was advised as follows –

- That strategic risk YM9 remains Red on the Strategic Risk Register and that the Yellow rating refers to the outcome of the audit work undertaken with regard to the control environment and the effectiveness of the control measures in relation to YM9 which have been assessed as providing reasonable assurance. Internal Audit is also in the process of scoping a piece of work to examine the Council's housebuilding programme and strategy which is scheduled to be undertaken over the summer.
- That with regard to risk YM16, the approach will entail examining the controls currently in place to evaluate their effectiveness and whether they are fit for purpose. An audit opinion will be issued based on the outcome of the evaluation.
- That the funding from the vacancy in Internal Audit is being used to commission specialist expertise both for IT audits as well as for other audits that may be especially complex meaning the service is thereby obtaining high quality and high value subject expertise that may not be available through having a person in post. Additionally it would be difficult to make a case for additional staff at a time when Internal Audit is able to provide an annual audit opinion based on the scope of the work executed which is the service's objective. The Head of Audit and Risk confirmed that with continued flexibility to use the savings from vacancies to commission external support as and when required, she was confident the Internal Audit can continue to deliver with the resources available to it.
- That the risks/issues identified and presented to management by Internal Audit are evaluated according to the Council's strategic risk assessment matrix. Management is expected to prioritise risks/issues rated "Amber" ahead of those rated "Yellow"/Moderate which is the approach management is taking.

Having considered the Internal Audit Annual Report for 2023/24, it was resolved to note the summary of the work carried out during the year and the assurances provided, together with the overall opinion and the performance of the Internal Audit function in particular the level of conformance with the Public Sector Internal Auditing Standards.

6. ANNUAL REPORT OF THE GOVERNANCE AND AUDIT COMMITTEE 2023/24

The report of the Chair of the Committee setting out the Governance and Audit Committee's activities during 2023/24 against its terms of reference was presented for formal endorsement ahead of its submission to Full Council on 26 September 2024. The report meets the requirements of the Committee's Terms of Reference that it report annually to the Full Council on its findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks, financial reporting arrangements, complaints handling and internal and external audit functions. It also complies with CIPFA's Position Statement and accompanying guidance regarding audit committees in local authorities and police which states that the committee should provide assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact.

The annual report for 2023/24 was introduced by the Chair and was accepted by the Committee as presented subject to the inclusion in Appendix B of Councillor Geraint Bebb as an attendee at the Effective Charing Skills training session on 11 October, 2023.

It was resolved to endorse the Annual Report of the Governance and Audit Committee for 2023/24 prior to its submission to the meeting of the County Council on 26 September 2024 with the amendment as outlined.

Additional Action – Head of Audit and Risk to amend the report accordingly

7. GOVERNANCE AND AUDIT COMMITTEE EFFECTIVENESS REVIEW ACTION PLAN UPDATE

The report of the Head of Audit and Risk incorporating the Committee's Effectiveness Review Action Plan was presented for the Committee's consideration and information. The report provided an update on the progress being made with implementing the recommendations made by CIPFA following its review of the Committee's effectiveness.

The report was presented by the Head of Audit and Risk who updated the Committee on the latest status of the 10 actions in the action plan. With reference to recommendation 8 on the action plan (identify ways for internal audit to work more closely with the committee including informal meetings with the Chair before and after meetings to identify ways to develop the Committee), the Head of Audit and Risk advised that having discussed the matter with the Chair the intention is to conduct a deep dive/in-depth examination of specific risk areas which would be facilitated by briefings for the Committee's members outside the formal committee setting. One such area previously highlighted by the Committee as an emerging risk deserving of closer examination is that of Artificial Intelligence and whether it has a role in Council operations.

The Chair suggested that it would be helpful for the Committee to learn more about the risk mitigation process as part of risk management and that training and/or instruction to that end would be welcome as well as on Artificial Intelligence as a subject area including its influence, risks, and benefits. The Chair also requested that a further update on the implementation of the Committee's effectiveness review action plan be provided in six months' time.

It was resolved to note the actions detailed in the action plan and to confirm that the Committee is content that the recommendations have been implemented to its satisfaction.

Additional Actions –

- **Head of Audit and Risk to schedule a session on risk mitigation and an introduction to Artificial Intelligence within the Committee’s training programme for 2024/25.**
- **A further update on the Committee’s Effectiveness Review Action Plan be presented at the end of six months.**

8. GOVERNANCE AND AUDIT COMMITTEE ACTION LOG

The report of the Head of Audit and Risk incorporating a committee action log was presented for consideration. The report provided the Committee with information on the status of the actions/decisions it had agreed upon at its meeting on 18 April 2024 when it was decided that an action log be introduced after each meeting in order to facilitate action/task tracking.

The Head of Audit and Risk updated the Committee on the progress of each action in the log table and the information was noted by the Committee.

It was resolved to note the actions detailed in the action log table and to confirm that the Committee is content that the actions have been implemented to its satisfaction.

9. EXTERNAL AUDIT: SETTING OF WELLBEING OBJECTIVES – ISLE OF ANGLESEY COUNTY COUNCIL

The report of Audit Wales on the outcome of its examination of how the Isle of Anglesey County Council applied the sustainable development principle throughout in the process of setting its wellbeing objectives was presented for the Committee’s consideration. The report sought to provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives and to identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future. Also presented was the organisational response to the Audit Wales report and the two recommendations it contained.

Lora Williams, Audit Wales provided an overview of the report’s detailed findings and recommendations.

In response to a request for clarification of the distinction between people who are unemployed and on benefits and people who are economically inactive in relation to the organisation’s development of a dashboard to provide data on trends related to poverty as part of its response to Recommendation 2 of the Audit Wales report, the Committee was advised that people on benefits/unemployed are seeking and are available to work whereas people who are economically inactive are not actively seeking employment through choice or due to other reasons be that early retirement or long-term sickness. If the number of economically inactive people within an area becomes too high it can present an issue over time contributing to recruitment challenges and labour shortages which can affect local businesses as well as the Council. It is an important measure and is a distinction that needs to be made.

The Chair suggested that the number of people in economic inactivity is a trend that is therefore worth monitoring.

It was resolved to note the Audit Wales report and recommendations and to confirm that the Committee takes assurance from the organisation response form of the steps taken by the Council to address the recommendations.

Additional Action – that monitoring the number of people in economic inactivity be included as part of the Council’s population trends dataset.

10. EXTERNAL AUDIT: WORK PROGRAMME AND TIMETABLE Q4 UPDATE

The report of Audit Wales which provided an update on progress against its financial and performance audit work programmes as at 31 March 2024 including the work being undertaken by Estyn and the Care Inspectorate Wales across Wales, was presented for the Committee’s information.

Mr Carwyn Rees, Audit Wales Performance Audit Manager confirmed 9 October 2024 as the planned date for a North Wales good practice exchange event on “Audit Committees: effective practices and positive impact” (the same event being scheduled for 22 May 2024 in Cardiff in South Wales). The Head of Audit and Risk advised that she would circulate details of the North Wales event to the Committee’s members when they become available.

It was resolved to note the assurance provided by the Audit Wales Q4 update report.

11. REVIEW OF FORWARD WORK PROGRAMME 2024/25

The report of the Head of Audit and Risk incorporating a proposed Forward Work Programme and Training Programme for 2024/25 was presented for the Committee’s consideration.

It was resolved to accept the Forward Work Programme proposed for 2024/25 as meeting the Committee’s responsibilities in accordance with its terms of reference.

**Mr Dilwyn Evans
Chair**

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	18 July 2024
Subject:	Governance and Audit Committee Action Log
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting: This report informs the members of the Governance and Audit Committee about the status of the actions / decisions it has agreed upon.	

1. Introduction

- 1.1. At its meeting of 18 April 2024, the Governance and Audit Committee received a report following the outcome of a piece of work undertaken to fulfil the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) [Position Statement: Audit Committees in Local Authorities and Police 2022](#), which recommends that audit committees evaluate their impact and identify areas for improvement.
- 1.2. Members were asked to consider the outcome of the report, the recommendations for improvement made by CIPFA and the actions proposed by management and members of the Committee to address the issues raised.
- 1.3. During deliberations around how the Committee could be more impactful and proactive rather than reactive, a member suggested having an action log following each meeting to enable the Committee to monitor the progress and completion of the actions/decisions it has agreed upon.

2. Recommendation

- 2.1. That the Governance and Audit Committee notes the actions detailed in the following table and is content that the actions have been implemented to its satisfaction.

Governance and Audit Committee Action Log

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
4	18/04/24	8	The format and content of future reports regarding national reviews and their related recommendations be amended as suggested.	Corporate Planning and Performance Manager	Next report due December 2024.	
5	18/04/24	9	Reports by Audit Wales be accompanied in future by a covering report setting out the purpose of each report and the expectations on the Committee in considering it.	Corporate Planning and Performance Manager	Covering reports now accompany all Audit Wales reports submitted to the Committee.	Completed
6	18/04/24	13	The Annual Cyber Security Report in future include instances (if any) where the Council's IT/cyber security defences have been penetrated and the remedial actions taken.	IT Manager	Next report due in September 2024.	
7	27/06/24	6	Head of Audit and Risk to amend the report of the Governance and Audit Committee 2023-24 to show Councillor Geraint Bebb as attending the WLGA training on Effective Charing Skills on 11 October 2023.	Head of Audit and Risk	Report amended.	Completed

No.	Date of Meeting	Agenda Item	Action	Action Owner	Action Taken	Status
8	27/06/24	7	Head of Audit and Risk to schedule a session on risk mitigation and an introduction to Artificial Intelligence within the Committee's training programme for 2024/25.	Head of Audit and Risk		
9	27/06/24	7	A further update on the Committee's Effectiveness Review Action Plan be presented at the end of six months.	Head of Audit and Risk	The Head of Audit and Risk will present an update to the Governance and Audit Committee at its meeting on 5 December 2024.	
10	27/06/24	9	Monitoring the number of people in economic inactivity be included as part of the Council's population trends dataset.	Corporate Planning and Performance Manager	Council will be establishing a baseline for economic inactivity as part of a wider socio- economic analysis of the Island's population.	In-progress - will be completed by December 2024

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ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	18 JULY 2024
SUBJECT:	DRAFT STATEMENT OF ACCOUNTS 2023/24
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS - DEPUTY LEADER & PORTFOLIO HOLDER - FINANCE
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
REPORT AUTHOR:	CLAIRE KLIMASZEWSKI
TEL:	01248 752133
E-MAIL:	ClaireKlimaszewski@ynysmon.llyw.cymru
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

This report presents the draft Statement of Accounts for 2023/24.

It is important to note that these figures are unaudited and may, therefore, be subject to change. A report will be presented to the Council following the completion of the External Audit.

Recommendation:-

1) That the Governance and Audit Committee scrutinise and note the draft unaudited main financial statements for 2023/24.

B - What other options did you consider and why did you reject them and/or opt for this option?

n/a

C - Why is this a decision for the Executive?

This matter is delegated for scrutiny to the Governance and Audit Committee.

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

Yes

DD - Who did you consult?	What did they say?
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DD - Who did you consult?	What did they say?
1 Chief Executive / Leadership Team (LT) (mandatory)	
2 Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer’s report.
3 Legal / Monitoring Officer (mandatory)	
4 Human Resources (HR)	
5 Property	
6 Information Communication Technology (ICT)	
7 Scrutiny	
8 Local Members	
9 Any external bodies / other/s	

E - Risks and any mitigation (if relevant)	
1	Economic
2	Anti-poverty
3	Crime and Disorder
4	Environmental
5	Equalities
6	Outcome Agreements
7	Other
F - Appendices:	
<ul style="list-style-type: none"> • Appendix 1 - Report summarising the main financial statements and impact on reserves. • Appendix 2 – Draft Statement of Accounts 2023/24. 	
FF - Background papers (please contact the author of the Report for any further information):	
<ul style="list-style-type: none"> • 2023/24 Revenue Budget outturn report, 23 July 2024 to the Executive. 	

1. PURPOSE

This report presents the Isle of Anglesey County Council's draft Statement of Accounts for the financial year 2023/24.

2. BACKGROUND

2.1 Regulation 10 of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, requires that the responsible financial officer must, by no later than 31 May immediately following the end of the financial year, sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the Council. Since Covid-19, Welsh Government (WG) has revised its expectation for the completion of the draft and audited final accounts by suggesting later deadlines. This has continued beyond the Pandemic as, since 2021/22, there were significant delays to all councils' accounts due to technical accounting issues which affected all councils.

2.2 WG has extended the draft accounts deadline for 2023/24 to 30 June 2024, and the audited final accounts to 30 November 2024. The revised deadline has not been written into the regulations, therefore, each council is required to publish a notice highlighting a delay in the publication of the draft accounts, with the reasons, from the original deadline of 31 May 2024.

2.3 The draft Statement of Accounts for 2023/24 were signed by the Council's Responsible Financial Officer, the Director of Function (Resources) / Section 151 Officer, on 28 June 2024, and the audit of the accounts will commence in July 2024. It is expected that the audit will be completed over the summer and autumn, with the final audited accounts being approved by 30 November 2024.

3. THE DRAFT COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2023/24 AND MOVEMENT IN RESERVES STATEMENT 2023/24

3.1 The draft Comprehensive Income and Expenditure Statement (CIES) 2023/24 is presented in Appendix 2, and on page 10 of the Draft Statement of Accounts.

3.2 The CIES summarises the cost of providing services in 2023/24, in accordance with statutory accounting requirements, and covers both the Council Fund and the Housing Revenue Account (HRA) in one financial statement. The CIES includes statutory accounting costs, such as depreciation and pension adjustments, which are not charged against Council Tax and are, therefore, reversed out before determining the final position of general balances, earmarked reserves, the HRA account balance and school balances. As a result, the CIES is not directly comparable to the outturn reports that will be presented to the Executive on 23 July 2024.

3.3 The CIES shows that the net cost of services was £168.498m, with a surplus of £14.057m on the provision of services. The latter part of the CIES includes the movement for the revaluation of assets, such as properties, and for the re-measurement of the pension liability, to give the final net surplus for the year of £37.683m. Adjustments are then made, as shown in Table 1 below, to determine the movement to reserves and balances. The accounting adjustments are detailed in note 6 of the draft Statement of Accounts. The CIES and adjustments in note 6 are then brought together in the Movement in Reserves Statement (MIRS) on page 12, to show the Council balances as at 31 March 2024.

3.4 The taxation and non-specific grant income line on the CIES, for example, includes £25m of capital grants which is a requirement of CIPFA accounting rules, despite there being limited capital expenditure charged in the CIES. This is contributing to the net surplus on the provision of services. In note 6, there is a line to adjust for this capital grant income so that, when the total adjustments from note 6 are brought into the MIRS, this grant income is cancelled out and does not increase Council usable reserves by £25m as it, instead, funds capital expenditure.

Table 1**Reconciliation of CIES to the Contribution to or from Reserves and Balances for 2023/24**

	£'000	£'000
Total Cost / (Surplus) as per the CIES - page 10		(37,683)
Reverse out the surplus on the Revaluation of Assets and the Re-Measurement of the Pension Liability (Other comprehensive income and expenditure)	23,626	
Adjustments between Accounting Basis and the Funding Basis under Regulations – note 6 on page 19	18,772	
		42,398
Contribution (to) / from Usable Reserves and Balances		4,715

The movement in the Council's reserves is shown in Tables 2 and 3, below:-

Table 2 – Summary of Movements in Reserves

	Council Fund General Reserve	Council Fund Earmarked Reserves	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	NWEAB ¹ Reserves	Housing Revenue Account (HRA) Reserve	Housing Revenue Account (HRA) Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2023	(14,039)	(19,637)	(6,716)	(1,908)	(407)	-	(12,107)		(54,814)
Net over / (under) spend 2023/24	(1,733)	-	-	-	-	-	4,073		2,340
Council Balance after over / (under) spend	(15,772)	(19,637)	(6,716)	(1,908)	(407)	-	(8,034)		(52,474)
Net transfers from / (to) Reserves for approved funding	168	2,858	1,139	(482)	(57)	(587)	(155)	(509)	2,375
General Reserve Balance at 31 March 2024	(15,604)	(16,779)	(5,577)	(2,390)	(464)	(587)¹	(8,189)	(509)	(50,099)

¹ The NWEAB Reserve is restricted to the NWEAB and cannot be used for any other purpose. It is shown above due to the accounting requirement to include the Council's share of the NWEAB in the Council's statement of accounts.

Table 3 - Movement in Council Fund and HRA Reserves

Analysis of the Movement in Council Fund and HRA General Reserves 2023/24	Council Fund £'000	HRA £'000	Total £'000
Opening general reserve 1 April 2023	14,039	12,107	26,146
Net Surplus on the provision of services (CIES, Statement of Accounts (SOA) page 10)	1,016	13,041	14,057
Statutory accounting adjustments cancelled out in the MIRS (page 12 and Note 6 page 20) – excludes capital receipts and capital reserves on note 6	(2,242)	(16,605)	(18,847)
Net balance before transfers from earmarked reserves to fund earmarked costs within cost of service	12,813	8,543	21,356
Use of earmarked reserves to fund earmarked costs within the cost of services (excluding movements between the general reserve and earmarked reserves noted above)	2,791	155	2,946
Council Fund and HRA General Reserves Balance as at 31 March 2024	15,604	8,698	24,302
Remaining balances within earmarked reserves, school balances, capital receipts and capital reserve	25,797	-	25,797
Total Usable Reserves available to the Council 31 March 2024	41,401	8,698	50,099

3.4 The Council's draft General Fund Balance as at 31 March 2024 is £15.604m, which is equivalent to 8.9% of the net revenue budget for 2023/24. This is based on the draft accounts which may be subject to change once the audit and final accounts have been completed. The Executive had set the minimum level of the General Fund Balance as £8.6m in March 2024. As a result, the General Fund Balance exceeds this minimum value by £7.004m. However, £4.425m of the Council general reserve has been committed towards funding the revenue budget for 2024/25. The draft Council fund general reserve at 1 April 2024 would, therefore, be £11.179m, which is 6.4% of the net service expenditure for 2023/24.

4. DRAFT BALANCE SHEET AS AT 31 MARCH 2024

4.1 The draft Balance Sheet as at 31 March 2024 is presented on page 13 within Appendix 2.

4.2 The value of the Council's net assets increased by £37.682m, from £404.650m last year to £442.332m at 31 March 2024. The value of the Council's long-term assets increased by £55.688m, due to capital expenditure on the Council's property, plant and equipment and the revaluation of existing assets. The valuation of Council dwellings has increased by £38m due to an in-depth review and full revaluation of HRA Council Dwellings. Current assets increased by £1.777m. This is due to a large increase in short-term debtors, which includes debtor accruals for grants. All other categories within current assets have reduced. There were no short-term investments in 2023/24 as all deposits, amounting to £32.107m, fell within cash and cash equivalents as they were all for 3 months or less. While cash and cash equivalents are higher in 2023/24 due to the duration of the deposits, there is a reduction in current investments of £10.133m.

4.3 Current liabilities increased by £11.498m, to £55.615m. Short-term borrowing reduced by £770k, short-term creditors have increased by £7.896m, to £42.465m. This was due to a rare backlog of invoices caused by staffing and technical difficulties. Action has been taken to reduce the risk of this occurring again. Short-term provisions have reduced modestly, and grants received in advance have increased by £4.618m, to £9.353m. This includes £6.615m of capital grants received in advance for the Council's share in the North Wales Economic Ambition Board (NWEAB). The Council is required to account for its share of the NWEAB income, expenditure, assets and liabilities in the statement of accounts.

4.4 Long-term liabilities have increased by £8.285m. However, long-term creditors and long-term provisions are similar to last year. Long-term borrowing has reduced by nearly £400k. No new PWLB loans were taken out during the year as cash balances were used as internal borrowing to delay interest payments with interest rates being higher. The Pension Fund, for a second subsequent time, was in a net surplus / net pension asset. Accounting rules restrict how much of a net pension asset can be included on the balance sheet for a defined benefits pension scheme such as the Local Government Pension Scheme, an asset ceiling is applied instead. This is due to the Council's inability to benefit from that asset due to the terms of the defined benefit pension. The actuary calculated the Council's net asset ceiling, which determined that none of the Council's net pension asset could be included in the balance sheet. However, £10.522m is included within other long-term liabilities for the pension fund as the Council was not permitted to offset £10.522m of unfunded obligations due to the pension accounting rules.

5. EARMARKED RESERVES

5.1 Earmarked reserves are an essential part of the funding of the Council and ensure that specific funds are allocated to meet known or potential future commitments, to fund longer term projects which span more than one financial year and to hold unspent grants received which may be clawed back at some point in the future. The movement in the Earmarked Reserves is shown in Table 4, below:-

Table 4 – Movement in Earmarked Reserves 2023/24

	Earmarked Reserves £'m
Balance as at 1 April 2023	19.637
Net movement in reserves	(2.858)
Balance as at 31 March 2024	16.779

6. SCHOOL BALANCES

6.1 The level of School balances has decreased from £6.716m at the beginning of the financial year, to £5.577m at the end of the financial year. 5 primary schools were in deficit at 31 March 2024; 3 primary schools were in deficit by £10k or less, 1 school was in deficit by £71k and 1 school was in deficit by £173k. The balances per sector are summarised in Table 5, below:-

Table 5 - Summary of School Balances

Sector	Balance as at 1 April 2023 £'000	Movement in Year £'000	Closing Balance as at 31 March 2024 £'000
Primary	3,693	(926)	2,767
Secondary	2,762	(131)	2,631
Special	261	(82)	179
TOTAL	6,716	(1,139)	5,577

7. OTHER COUNCIL FUND RESERVES

- 7.1** The capital grant unapplied reserve was created for a carry-forward of £407k from the general capital grant for 2022/23. The grant offer letter permits carry-forward of any unspent general capital grant for 1 year. The balance of £407k on 1 April 2023 has been applied to projects in 2023/24. £464k was transferred into the Capital Grant Unapplied Reserve for the underspend on 2023/24 general capital grant. This is not an earmarked reserve as it is a specific reserve for a capital grant which has no conditions, for example, WG has not specified which capital project it will fund. It is unapplied because it has not been fully spent by the end of the financial year.
- 7.2** Capital Receipts Reserve - the total from all the Council Fund capital receipts reserves is £2.390m. Capital receipts can only be used to fund capital expenditure but can be held in reserves until needed. Some capital receipts are for a specific purpose generated by sales of assets related to that specific purpose, but the majority of receipts can be used to fund capital schemes on the capital programme, regardless of service, as needed.
- 7.3** North Wales Economic Ambition Board (NWEAB) Reserve – the Council is a partner in the NWEAB, with 12.5% of the income, expenditure, assets and liabilities accounted for in the Council's statement of accounts. Previously, the reserves generated by the NWEAB were reported within earmarked reserves. The balance on the earmarked reserves have now been transferred to specific NWEAB reserves and shown separately on the Movement in Reserves Statement (MIRS). The balance of NWEAB reserves was £0.587m as at 31 March 2024. The majority of this is from interest receivable due to higher interest rates.

8. HOUSING REVENUE ACCOUNT (HRA) BALANCE

- 8.1** The opening balance of the HRA Account as at 1 April 2023 was £12.107m. The HRA surplus on the CIES for the year was £13.041m. £12.645m of the HRA surplus was used to fund capital expenditure for improvement works on existing Council dwellings, and the HRA continued with its ambitious programme of increasing its housing stock. The service continued with its programme of building new dwellings and bought several properties, which were comprised of some former Council houses and some from the private sector, all of which are being refurbished. This will increase the number of Council dwellings and provide more social housing to reduce waiting lists for much needed homes. In total, £19.806m was spent on capital expenditure during the year, which included grant funding of £7.161m, predominantly from WG. The HRA general reserve reduced by £3.918m, to £8.189m, as at 31 March 2024m, due to the investment in improving and increasing Council dwellings.
- 8.2** HRA Capital receipt reserve – the Council sold two properties from a new housing development, and the proceeds of £509k from these sales are held in the new HRA capital receipts reserve.

9. CONCLUSION

- 9.1** The Draft Statement of Accounts 2023/24 is presented below. The CIES shows all the costs and income relating to the Council for the year. In addition to the Council's actual costs and income, the CIES also includes statutory accounting adjustments, as required by CIPFA and compulsory financial reporting standards. The adjustments include depreciation, which is a notional cost to reflect the impact of a year's use of the Council's assets, and pensions accounting adjustments, which reflect the underlying impact on the long-term liability / asset of the pension fund, rather than the actual pension costs in the year. This cannot be compared with the outturn return for the Council.
- 9.2** Table 2 shows the impact of outturn on Council Balances and use of reserves to fund costs during the year. This shows that the Council general reserve has increased by £1.565m, but this is after £2.791m total usable reserves were used to fund earmarked purposes. The Council's total usable reserves have reduced from £54.814m to £50.099m, which is a reduction of £4.715m, though £3.409m of this relates to the HRA due to increased capital expenditure on Council dwellings.

- 9.3** The underspend of £1.733m on the Council Fund has helped mitigate the reduction in Council balances. This shows that, while there is an underspend on the net revenue budget, the reality is that the Council has used reserves to fund significant costs, without which may have resulted in a significant overspend. Table 3 shows how the Council balances are arrived at within the context of the financial statements, rather than the Council outturn. Both Table 2 and Table 3 show that the draft Council general reserve is £15.604m and that total usable balance is £50.099m. These tables use different figures, and are from different perspectives, but provide reassurance that the figures are correct because they offer two sources of verifying information.
- 9.4** The Movement in Reserves Statement (MIRS) (page 12) is the most useful statement to identify the true impact of the year's financial transactions on the Council's balances, including the HRA. Note 6, on page 20, lists all the accounting adjustments, such as depreciation, in the accounts which can be either cancelled out or added to arrive at the actual costs, and income which impact Council funds. It shows the figures in the CIES (accounting basis) and also the sum of the items in note 6 (funding basis) which are deducted or added in accordance with Welsh Government legislation to arrive at the actual Council balances. Table 2, above, provides a summary of the MIRS.

Ynys Môn

THE ISLE OF Anglesey

Draft Statement of Accounts 2023/24



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Narrative Report

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties, clear information about the Council's finances.

This narrative report, which is a key section of the accounts, aims to provide an effective guide to the most significant matters reported in the accounts. This is in order to provide a fair, balanced, and easy to understand explanation of the Council's financial position and to assist in the interpretation of the financial statements.

The Accounts and Audit (Wales) Regulations 2014 came into force on 31 March 2015, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require Welsh Local Authorities to prepare a Statement of Accounts in accordance with these regulations and proper practices.

The Statement of Accounts consist of: -

Core Financial Statements: -

The Statement of Accounts includes the core financial statements, which are: -

1. **The Comprehensive Income and Expenditure Statement (CIES)** – shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
2. **Expenditure and Funding Analysis (EFA)** – shows the information in the CIES but also provides the accounting adjustments which are cancelled out in Note 6 to ensure that these adjustments are not funded by Council Taxpayers. The first column of the Expenditure and Funding Analysis provides the real impact of the year's financial performance on the Council and HRA's balances and reserves.
3. **The Movement in Reserves Statement (MIRS)** – shows the movement in the year of reserves held by the Council, analysed between 'usable' and 'unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.
4. **The Balance Sheet** – shows the value as of the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.
5. **The Cash Flow Statement** – shows the changes in cash and cash equivalents of the Council during the reporting period.

The Isle of Anglesey County Council Vision and Priorities

The Isle of Anglesey County Council is a unitary authority and serves a population of approximately 69,000, situated on the north coast of Wales with an area of 276 square miles. Anglesey is by far the largest island in Wales, and the seventh largest in the British Isles. Anglesey is also the largest island in the Irish Sea by area, and the second most populous island in the British Isles.

The Council is a politically led organisation and has adopted a Leader and Cabinet model. The Council had 35 elected Members representing 14 multi-Member wards on 31 March 2023. Elections were held on 5 May 2022 for all Council seats, following which the successful candidates formed the full Council, which will remain in place until early May 2027. Plaid Cymru is the controlling party in the Council with more Plaid Cymru Councillors than any other group or party.

The Council Plan 2023/28

The Council Plan 2023/28 highlights that the Council's long-term vision continues as "Creating an Anglesey which is healthy and prosperous where people can thrive". The strategic objectives of the new Council plan are:

- To increase opportunities to learn and use the Welsh language;
- To protect and support the vulnerable;
- To raise educational attainment and achievement;
- To work with partners to increase quality, affordable and accessible homes;

- To promote opportunities to develop the island's economy;
- To respond to the climate change crisis, tackle change and work towards being a net zero organisation by 2030.

The Council Plan 2023/28 can be found on the website at the web address:

[Council Plan and performance \(gov.wales\)](https://www.gov.wales)

Financial Scenario

All 22 councils in Wales received a better-than-expected funding settlement from Welsh Government for 2023/24, at an all-Wales average of an increase of 7.9%, with Anglesey receiving an increase of 7.9%. This helped the Council increase funding for demand-led services, such as social care, and to increase capacity in services which had been subject to nearly a decade of budget cuts. In addition, to fund certain policy decisions that the Welsh Government wish Councils to implement, the main one being the funding of the real living wage for care staff.

The Council set a balanced budget for 2024/25, which required a 9.5% increase in Council Tax and the use of £4.425m of the Council's own reserves. There is still a significant amount of uncertainty surrounding the financial position for 2025/26, but current estimates suggest that the funding available will not be sufficient to meet the increased costs due to inflation and increasing demand for Council services.

The Budget

The Council's Budget and Medium-Term Financial Strategy for 2023/24 was adopted by the Council at its meeting on 9 March 2023, and it provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The Medium-Term Financial Strategy is available at: -

[a Medium Term Financial Strategy and Budget 202324.pdf \(anglesey.gov.uk\)](#) – item 10.

The settlement was better than anticipated during the majority of the budget planning stage and provided the Council with £123.665m, which was an increase in cash terms of £9.067m (7.9%). The Council resolved to increase the Band D Council Tax by 5%, which increased the charge for a Band D property to £1,435.86.

The revenue budget was set at £174.569m, which was to be funded by the settlement, council tax and £3.780m use of reserves. The Council also resolved to approve the Capital Strategy 2023/24 and the Initial Capital Programme 2023/24 of £37.962m, as well as the Treasury Management Strategy Statement for 2023/24.

Budget Monitoring

The Council has a well-established procedure for monitoring the budgets. This allows the Council to mitigate any overspending and provide additional funding from reserves for instances where demand for service is required. Both the Revenue and Capital information, alongside HRA, are reported to the Finance Scrutiny Subgroup, the Scrutiny Committee and then the Executive on a quarterly basis, which facilitates a level of challenge as well as being able to mitigate and impacts that are likely to occur for services.

Performance

[Isle of Anglesey County Council](#) - Agenda Item 5

Revenue Expenditure 2023/24

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. In 2023/24, the Council reported an underspend of £1.740m against a planned activity of £174.569m (net budget).

The table below reflects the final budget for 2023/24 and actual income and expenditure against it: -

Services	Annual Budget £'000	Outturn £'000	Variance £'000
Education, Young People and Skills	64,047	63,423	624
Adult Services	35,780	35,195	585
Children's Services	13,133	14,536	(1,403)
Housing	2,833	2,770	63
Highways, Waste, Property	20,219	19,891	328
Regulation	6,635	5,953	682
Transformation	7,280	6,642	638
Resources	3,962	3,936	26
Council Business & Corporate Finance	20,680	20,490	190
Total Council Fund	174,569	172,836	1,733

The impact of an underspend means that the Council increased its general reserves by £1.733m. In addition to this, the net impact of funding released from general balances during the year and the release of earmarked reserves back to general balances was an increase of £2.002m in the level of general balances. As at 31 March 2024, the level of general balances stood at £15.604m, however, £4.425m will be used to balance the 2024/25 budget, leaving the general balances at £11.179m.

Summary of Movements in Council Reserves 2023/24

	Council Fund General Reserve	Council Fund Earmarked Reserves	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	NWEAB Reserves	Housing Revenue Account (HRA) Reserve	Housing Revenue Account (HRA) Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2023	(14,039)	(19,637)	(6,716)	(1,908)	(407)	-	(12,107)		(54,814)
Net over / (underspend) 2023/24	(1,733)	-	-	-	-	-	4,073		2,340
Council Balance after over / (underspend)	(15,772)	(19,637)	(6,716)	(1,908)	(407)	-	(8,034)		(52,474)
Net transfers from/(to) Reserves for approved funding	168	2,858	1,139	(482)	(57)	(587)	(155)	(509)	2,375
General Reserve Balance at 31 March 2024	(15,604)	(16,779)	(5,577)	(2,390)	(464)	(587)	(8,189)	(509)	(50,099)

Capital Expenditure

The capital programme supports the Council's wider objective to deliver services and to support economic growth.

In March 2023, the Council approved a Capital Programme for non-housing services of £24.405m for 2023/24, and a Capital Programme of £13.557m for the Housing Revenue Account (HRA). In addition, in June 2023, the Executive approved capital slippage of £13.477m to be brought forward from 2022/23, bringing the Capital Programme for non-housing services to £33.532m and £17.907m for the HRA. Since the budget setting process, there have been additional schemes added to the programme, most of which are grant funded, which amounted to £15.089m, along with the HRA budget being increased by £1.26m. This brings the total Capital budget for 2023/24 to £67.788m.

The programme has made steady progress in year, achieving a delivery rate of 75%. It is expected that most of the remaining schemes will be delivered in the next financial year. From this total spend of £50.574m, £30.636m was capitalised and added to the value of assets in the Council's Balance Sheet. The remainder was charged to the Comprehensive Income and Expenditure Statement, as it was either in support of assets that are not in direct Council ownership (£5.422m) or did not increase the value of the capital assets (£14.516m).

The table below details the expenditure that has been capitalised, per service: -

Services	2023/24 £'000	2022/23 £'000
Education, Young People and Skills	13,159	12,799
Adult Services	296	403
Housing	1,450	700
Housing HRA	19,806	11,180
Highways, Waste, Property	8,209	7,264
Regulation	7,168	7,321
Transformation	486	1,023
Total Council Fund	50,574	40,690

A note of the Authority's current borrowing facilities and capital borrowing: -

Funded By	2023/24 £'000	Percentage %
Unsupported Borrowing	38	0.08%
Supported Borrowing	3,991	7.89%
Capital Grants	25,139	49.71%
Capital Receipts	98	0.19%
Revenue Contribution	12,645	25.00%
REFCUS grants	4,797	9.49%
Loan	135	0.27%
Capital Reserve	3,731	7.38%
Total	50,574	100%

As at 31 March 2024, the Authority had £122.410m of External Borrowing (excluding accrued interest of £2.105m). At the end of the financial year, the Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £146.696m, which indicates that the Council has used £24.286m of its own surplus cash balances to fund capital expenditure. In the Treasury Management Strategy Statement for 2023/24, the Authorised Borrowing Limit approved by the Council was £185m, therefore, the Authority is well within its borrowing limit.

Reserves, financial performance, and financial position

The Council's General Fund balance as at 31 March 2024 stood at £15.604m, which equates to 8.9% of the net revenue budget for 2023/24. The Council's financial strategy aims to hold a minimum of 5% of the net revenue budget as General Balances (£8.730m). As a result, the Council's General Balance is higher than the target. However, with the current inflationary pressures causing a cost-of-living crisis and increased costs facing the Council, this surplus provides more financial stability for the Council.

The financial performance for 2023/24 showed a net underspend of £1.733m. This is made up of overspends from some services such as an overspend of £1.403m in Children's Services which has experienced increased demand. The Highways, Waste and Property Service underspent by £328k. The significant majority of this was from the Waste Service due to surplus income which includes additional income from the sale of recyclable material which also has a positive impact on the environment. The increase in the Bank of England interest rate is benefitting the Council as the interest receivable from its investment of surplus funds is generating significantly higher levels of interest than in previous years.

However, increased interest rates will negatively impact the Council when borrowing in the future for capital projects. No borrowing was taken out in 2023/24 and the Council will use cash balances for as long as possible to save on borrowing costs though this reduces the amount available to invest.

Housing Revenue Account

The Council's Housing Revenue Account balance stood at £8.189m as at 31 March 2024. The reserve is earmarked to fund the cost of the development of new properties as set out in the Council's 30-year HRA Business Plan. This balance will delay the need for the HRA to borrow for refurbishing or building new council dwellings.

Provisions

The Council's total provisions amounted to £5.037m on 1 April 2023. During the year, the balance decreased by £334k to £4.703m. Insurance coverage was increased to £456k in line with estimated need. The total short-term provisions amounted to £456k, to accommodate expected future costs that may arise from past liabilities. The total provision for Penhesgyn Waste Site was reduced by £88k due to the cost of improvement works undertaken on the landfill site in 2023/24. The Gwynedd and Anglesey Additional Learning Needs and Inclusion Service was utilised during the year.

Details of the movements in provisions are shown in Note 21 of the Accounts - Provisions.

Pensions

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

Local Government Pension Scheme - As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits by participating in the Gwynedd Pension Fund defined benefit scheme which is administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Benefits will not actually be payable until employees retire, but the Council has a commitment to make the payments to the Pension Fund that need to be disclosed at the time that the employees earn their future entitlement.

There are two valuations completed for the pension fund. These are completed by an Actuary which is a pension valuation specialist. The first is the funding valuation which is completed every three years. This is important as it considers the actual assets that the fund is invested in at the valuation date and assesses whether the returns on the assets will fully fund the value of all future payments to members based on all benefits earned up to the valuation date. The present value of the liabilities are then discounted, so that the value are converted to their value as at the valuation date. If the valuation calculates that the pension fund is not fully funded then the Council's contributions rates will increase to move towards 100% funding over an agreed time period. If the valuation shows the scheme is more than 100% funded then contributions into the pension fund may reduce.

The second valuation is the accounting valuation (used for the purpose of these accounts) which is more theoretical and projects what the Council's liability or asset would be if the pension fund would cease to exist. This valuation is based on assets and obligations at the balance sheet date. It is theoretical because of the rules and regulations to protect the pension fund to ensure that it exists for as long as the pension fund obligations require and due to the assumptions the Actuary is required to make. This is based on accounting requirements which do not affect the Council's actual funds. The results of the funding valuation only affect council funds.

The pension accounting valuation is the value reported each year in the Council's statement of accounts. Some charges affect the Comprehensive Income and Expenditure Statement, CIES and the valuation at the end of the financial year is reported in the balance sheet. However, these are offset by adjustments in the movement in reserves statement to cancel them out so that the council tax is not required to fund these statutory accounting adjustments.

Historically, the Council's balance sheet has shown that the value of the Pension Fund as a significant liability. The fair value of all the Pensions Fund investments are offset against the present value of the obligations of the Pension Fund though typically it is not enough to cover of all the estimated present value of the pension obligations.

Similar to last year, the Actuary's accounting valuation has determined that the value of the assets exceeds the value of the liabilities and that the Pension Fund is in a net asset position. In drawing up the valuation, the Actuary uses the yield rate on Government Gilts as the discount rate for future liabilities. As this rate increases, the discount rate increases, which has the overall effect of reducing the current value of future liabilities. For 2023/24 the discount factor which is linked to quality UK corporate bonds is 4.85%. This is then compared with the fair value (often market value) of fund assets.

However, the pensions accounting standard IAS19 which was updated by IFRIC14 does not permit reporting a pension net asset for defined funded benefits pensions such as the Gwynedd Pension Fund, as the Council cannot realise the value of the asset at this point. In determining the carrying value on the Balance Sheet, the Council has applied the prudence concept and has the adjusted net asset position on funded obligations from £71.145m to £0. However, the actuary has advised that the net liability of unfunded obligations should be shown on the balance sheet. Therefore, a liability of £10.522m is included in the long-term pensions liability on the balance sheet funded by the pensions unusable reserve. The full results of the accounting valuation is reported in the Local Government Pensions note 34 on page 46.

Going Concern

The accounts are prepared on the 'going concern' basis. This means that the accounts have been prepared on the basis of the Council continuing in its current form into the future. The Isle of Anglesey County Council was created by statute / law in 1996 and will continue in its current form until changed by statute.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Isle of Anglesey County Council's responsibilities

The Isle of Anglesey County Council is required to: -

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Function (Resources) who is also the designated Section 151 Officer;
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Section 151 Officer's responsibilities

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

In preparing this Statement of Accounts, the Section 151 Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with CIPFA Local Authority Code of Practice.

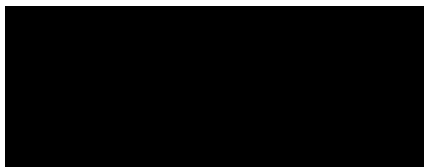
The Section 151 Officer has also: -

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

Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Isle of Anglesey County Council at the accounting date and its income and expenditure for the year ended 31 March 2024: -

Signed:



Richard Marc Jones FCPFA

DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER

Signed:

Councillor Glyn Haynes

CHAIR ISLE OF ANGLESEY COUNTY COUNCIL

Date: 28 June 2024

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2024

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Services reported below are based on the organisational structure of the Council. The Council raises taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2023/24			Services	Note	2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
86,765	(16,691)	70,074	Education, Young People and Skills		84,301	(16,540)	67,761
50,733	(14,649)	36,084	Adult Services		48,246	(13,242)	35,004
22,064	(7,095)	14,969	Children's Services		22,207	(7,088)	15,119
9,756	(7,810)	1,946	Housing		8,168	(7,187)	981
35,261	(9,553)	25,708	Highways, Property and Waste		33,479	(9,921)	23,558
17,380	(11,019)	6,361	Regulation and Economic		16,910	(9,691)	7,219
7,157	(303)	6,854	Transformation		7,509	(340)	7,169
26,525	(16,244)	10,281	Resources		27,838	(16,803)	11,035
2,144	(181)	1,963	Council Business		2,347	(217)	2,130
1,145	(1,034)	111	Corporate and Democratic Costs		3,384	(723)	2,661
742	-	742	Corporate Management		673	-	673
27	-	27	Non-distributed costs		93	-	93
14,857	(21,479)	(6,622)	Housing Revenue Account (HRA)		14,982	(19,942)	(4,960)
274,556	(106,058)	168,498	Deficit on Continuing Operations		270,137	(101,694)	168,443
		17,244	Other operating expenditure	10			15,570
		8,574	Financing and investment income and expenditure	11			10,990
		(208,373)	Taxation and non-specific grant Income	12			(189,647)
		(14,057)	(Surplus)/Deficit on Provision of Services				5,356
		14,102	Impairment losses on non-current assets charged to the Revaluation Reserve				10,822
		(49,420)	Surplus on revaluation of non-current assets				(12,139)
		(71,145)	Write-off Net Pension Asset	9c & 34			(19,814)
		82,837	Re-measurement of net Pension liability	9c & 34			(116,642)
		(23,626)	Other Comprehensive Income and Expenditure				(137,773)
		(37,683)	Total Comprehensive Income and Expenditure				(132,417)

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) aims to show the real impact of the year's financial performance on the Council's balances. The Comprehensive Income and Expenditure Statement (CIES) includes many accounting adjustments, such as depreciation and pension adjustments, which, by law, are not allowed to be funded by Council Tax. These are not true costs which affect Council usable balances. To ensure that these accounting costs do not affect Council taxpayers and Council funds, these costs are cancelled out in the EFA and are also shown in the Movement in Reserves Statement (MIRS) and Note 6.

2023/24			Services	2022/23		
Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B £'000	Adjustments between Funding and Accounting Basis - B £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement - C £'000		Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B £'000	Adjustments between Funding and Accounting Basis - B £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement - C £'000
63,167	6,909	70,074	Education, Young People and Skills	60,297	7,464	67,761
35,341	743	36,084	Adult Services	31,720	3,284	35,004
14,640	329	14,969	Children's Services	13,388	1,731	15,119
1,917	29	1,946	Housing	354	627	981
19,854	5,854	25,708	Highways, Property and Waste	16,305	7,253	23,558
5,201	1,160	6,361	Regulation and Economic	4,917	2,302	7,219
6,333	521	6,854	Transformation	5,883	1,286	7,169
10,195	86	10,281	Resources	10,353	682	11,035
1,925	38	1,963	Council Business	1,853	277	2,130
1,100	(989)	111	Corporate and Democratic Costs	3,430	(769)	2,661
731	11	742	Corporate Management	695	(22)	673
-	27	27	Non-distributed costs	-	93	93
9,983	(16,605)	(6,622)	Housing Revenue Account (HRA)	(1,404)	(3,556)	(4,960)
170,387	(1,887)	168,498	Net Cost of Services	147,791	20,652	168,443
(165,672)	(16,883)	(182,555)	Other Income and Expenditure	(144,605)	(18,482)	(163,087)
4,715	(18,770)	(14,057)	(Surplus) or Deficit on the Provision of Services	3,186	2,170	5,356
(54,814)			Opening General Fund and HRA balance at 1 April	(58,000)		
4,715			Less Surplus on General Fund and HRA Balance in Year	3,186		
(50,099)	Comprised of:		Closing Council Fund Balances and HRA Balance at 31 March	(54,814)	Comprised of:	
(41,401)	Council Fund			(42,707)	Council Fund	
(8,698)	HRA			(12,107)	HRA	
(50,099)				(54,814)		

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2024

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Deficit)/Surplus on the 'provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting purposes and the Housing Revenue Account for rent setting purposes. The 'Net (Decrease)/Increase before transfers to earmarked reserves' line shows the in-year movement on the Council Fund and Housing Revenue Account balances before any discretionary transfers to or from earmarked reserves are made by the Council.

	Council Fund Balance	Earmarked Council Fund Reserves (Note 7)	Capital Receipts Reserve (Note 8)	Capital Grants Unapplied	Schools Balances (Note 7)	NWEAB Reserves	Total Council Fund Usable Reserves	HRA Balance (Supplementary Financial Statements)	HRA Capital Receipts Reserve	Total HRA Usable Reserves	Total Usable Reserves	Total Unusable reserves (Note 9)	Total Reserves (of the Council)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2022	12,278	23,181	2,381	-	7,827	-	45,667	12,333	-	12,333	58,000	214,233	272,233
Movement in reserves during the year													
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on provision of services	(12,468)	-	-	-	-	-	(12,468)	7,112	-	7,112	(5,356)	-	(5,356)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	137,773	137,773
Total Comprehensive Income and Expenditure	(12,468)	-	-	-	-	-	(12,468)	7,112	-	7,112	(5,356)	137,773	132,417
Adjustments between accounting basis and funding basis under regulations (Note 6)	9,956	-	(448)	-	-	-	9,508	(7,338)	-	(7,338)	2,170	(2,170)	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	(2,512)	-	(448)	-	-	-	(2,960)	(226)	-	(226)	(3,186)	135,603	132,417
Transfers to/(from) Earmarked Reserves (Note 7)	4,273	(3,544)	(25)	407	(1,111)	-	-	-	-	-	-	-	-
(Decrease) / Increase In Year	1,761	(3,544)	(473)	407	(1,111)	-	(2,960)	(226)	-	(226)	(3,186)	135,603	132,417
Balance 31 March 2023	14,039	19,637	1,908	407	6,716	-	42,707	12,107	-	12,107	54,814	349,836	404,650
Movement in reserves during the year													
Adjustment to opening balance													
Surplus/(Deficit) on provision of services	1,016	-	-	-	-	-	1,016	13,041	-	13,041	14,057	-	14,057
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	23,625	23,625
Total Comprehensive Income and Expenditure	1,016	-	-	-	-	-	1,016	13,041	-	13,041	14,057	23,625	37,682
Adjustments between accounting basis and funding basis under regulations (Note 6)	(2,242)	-	482	(407)	-	-	(2,167)	(17,114)	509	(16,605)	(18,772)	18,772	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(1,226)	-	482	(407)	-	-	(1,151)	(4,073)	509	(3,564)	(4,715)	42,397	37,682
Net transfer from													
Transfers to/(from) Reserves	2,791	(2,858)	-	464	(1,139)	587	(155)	155	-	155	-	-	-
(Decrease) / Increase In Year	1,565	(2,858)	482	57	(1,139)	587	(1,306)	(3,918)	509	(3,409)	(4,715)	42,397	37,682
Balance 31 March 2024	15,604	16,779	2,390	464	5,577	587	41,401	8,189	509	8,698	50,099	392,233	442,332

BALANCE SHEET AS AT 31 MARCH 2024

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

	Note	31 March 2024 £'000	31 March 2023 £'000
Property, plant and equipment	13	541,471	487,064
Heritage assets	15	2,413	2,431
Investment property	16	8,175	6,579
Intangible assets		262	357
Long-term debtors	18	1,032	1,234
Long-term Assets		553,353	497,665
Assets held for sale		620	1,065
Inventories		401	392
Short-term debtors	18	51,201	38,855
Short-term Investments	35a	-	22,500
Cash and cash equivalents	19	32,107	19,740
Current Assets		84,329	82,552
Short-term borrowing	35b	(3,341)	(4,111)
Short-term creditors	20	(42,465)	(34,569)
Short-term provisions	21	(456)	(702)
Short-term grants receipts in advance	30	(9,353)	(4,735)
Current Liabilities		(55,615)	(44,117)
Long-term creditors	20	(166)	(158)
Long-term provisions	21	(4,247)	(4,335)
Long-term borrowing	35b	(121,175)	(121,557)
Long-term grants receipts in advance	30	(3,625)	(5,400)
Other long-term liabilities	34	(10,522)	-
Long-term Liabilities		(139,735)	(131,450)
Net Assets		442,332	404,650
Usable reserves	MIRS	50,099	54,814
Unusable reserves	9	392,233	349,836
Total Reserves		442,332	404,650

CASH FLOW STATEMENT – FOR YEAR ENDED 31 MARCH 2024

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

	Note	2023/24 £'000	2022/23 £'000
Net Surplus / (Deficit) on the provision of services		14,057	(5,356)
Non Cash Items charged to the Income and Expenditure Accounts	22	35,833	45,148
Cash items not charged to the Income & Expenditure Account	22	(11,979)	(11,388)
Movements in Net Current Assets	22	(1,740)	1,634
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(26,228)	(20,815)
Net cash flows from operating activities		9,943	9,223
Net cash flows from investing activities	23	3,576	(32,387)
Net cash flows from financing activities	24	(1,152)	(1,574)
Net (decrease)/increase in cash and cash equivalents		12,367	(24,738)
Cash and cash equivalents at the beginning of the financial year		19,740	44,478
Cash and cash equivalents at the end of the financial year	19	32,107	19,740

NOTES TO THE ACCOUNTS

NOTE 1 - NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Young People and Skills	7,784	(42)	(834)	6,908
Adult Services	624	(38)	157	743
Children's Services	222	(22)	129	329
Housing	1	(5)	33	29
Highways, Property and Waste	5,796	(20)	78	5,854
Regulation and Economic	1,101	(24)	83	1,160
Transformation	484	(12)	49	521
Resources	-	(10)	96	86
Council Business	-	(5)	43	38
Corporate and Democratic Costs	(11)	(978)	-	(989)
Corporate Management	-	-	11	11
Non-distributed costs	-	27	-	27
Housing Revenue Account (HRA)	(16,708)	(14)	117	(16,605)
Net Cost of Services	(707)	(1,143)	(38)	(1,888)
Other Income and Expenditure from the Funding Analysis	(16,857)	(27)	-	(16,884)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(17,564)	(1,170)	(38)	(18,772)

2022/23

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Lifelong Learning	4,328	2,783	353	7,464
Adult Services	558	2,674	52	3,284
Children's Services	322	1,387	22	1,731
Housing	125	501	1	627
Highways, Property and Waste	5,916	1,355	(18)	7,253
Regulation and Economic Development	1,040	1,271	(9)	2,302
Transformation	446	839	1	1,286
Resources	16	709	(43)	682
Council Business	-	286	(9)	277
Corporate and Democratic Costs	1	(770)	-	(769)
Corporate Management	-	-	(22)	(22)
Non-distributed costs	-	93	-	93
Housing Revenue Account (HRA)	(4,465)	905	4	(3,556)
Net Cost of Services	8,287	12,033	332	20,652
Other Income and Expenditure from the Funding Analysis	(21,706)	3,224	-	(18,482)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(13,419)	15,257	332	2,170

NOTE 2 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) requires disclosure of the expected impact of any accounting standards that have been issued but not yet adopted.

The new or amended standards which have been issued but not yet adopted are: -

a) IFRS 16 Leases issued in January 2016

The implementation of IFRS 16 – Leases, has been deferred to the financial year 2024/25. IFRS 16 will introduce significant changes to accounting for leases. In particular, for property, plant, equipment, and similar assets leased in by local authorities. Local authorities will be required to identify all significant leased assets in and to include these on each authority's balance sheets as though owned by each Council from 1 April 2024.

This will impact the accounts for 2024/25 by introducing two new category of assets on the balance sheet – Right of Use Assets for both short-term and long-term leases into the Council. Two categories will also be created for Right of Use Liabilities again split between long-term and short-term. The assets and liabilities of the Council will be increased by transferring operational assets into the Council from revenue to the balance sheet. This is not expected to affect the Council Fund or HRA balances as the leases will be funded by the services leasing assets into the Council. The budgets will be transferred from services for the annual repayments due on leased assets.

Finance leases will be largely unaffected apart from assets leased out or in at peppercorn rates and sub-contracted finance leases.

b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:

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

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

None of the new or amended standards within the 2024/25 Code are expected to have a material impact on the information provided in these financial statements. IFRS16 will have a significant impact from 2024/25 onwards. Items b, c and d above will lead to improved reporting.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 41, 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: -

- The Accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Council will continue in operational existence for the foreseeable future. The Council is a local government body created by the Local Government (Wales) Act 1994. The Council operates within a difficult financial climate, similar to all local authorities in Wales. However, there are no indications from either the financial performance of the Authority or Welsh Government plans which undermine the view that the Council will continue as a going concern into the future.
- The Council has determined that a number of assets which are used for social or economic development purposes, most notably the Council's Smallholdings Estate, are not solely held for income generation or capital appreciation purposes and, therefore, do not meet the definition of investment properties. Consequently, these assets are shown as Non-Current Assets - Property, Plant and Equipment within the Balance Sheet.

NOTE 4 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following items in the Council's Balance Sheet at 31 March 2024 may be considered to be most vulnerable for estimating error in the forthcoming financial year: -

Non-Current Assets - Property, Plant and Equipment (PPE) – Assets are depreciated over useful lives in accordance with standard accounting practices. Any difference between the depreciation applied and actual deterioration to assets will naturally reflect in future spending patterns. Information relating to Property, Plant and Equipment is contained in Note 13 and note 13b Infrastructure Assets. The value of the Council's PPE assets at 31 March 2024 was £541.471m (£487.063m at 31 March 2023). This includes an increase of £38m in the value of council dwellings following the revaluation of all council dwellings by the Council's Senior Valuer.

Provisions – The Council has made provisions amounting to £4.703m, (£5.037m on 31 March 2023) for a series of uncertainties which could result in significant costs in later years. These principally relate to after-care costs for the Penhesgyn landfill site and potential liabilities arising from insurance claims. Full details are contained in Note 21.

Pensions Liability – Similar to last year, the Council's Actuary has valued the Pension Fund to a surplus position and therefore a net pension asset of £71.145m. This surplus has been reduced to nil as a result of pensions rules restricting the reporting of a net pensions asset in the balance sheet. It is unusual to have a surplus position on a pension fund. This is due to a change in the assumptions the Actuary has used in relation to the discount factor due to increased interest and bond rates. This is used to calculate how much the future pension obligations will be at today's prices, so that it can be compared with the current value/market value of investments and assets. (an asset of £19.814m was reported for the value on 31 March 2023). A net liability of £10.522m remains on the pension liability for unfunded obligations which cannot be offset against the surplus on the pension fund.

The pension's accounting valuation is based on a number of complex assessments and judgements relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on pension assets. A firm of consulting actuaries is engaged by the administering Council to provide expert advice on the assumptions to be applied. Further details are contained in Note 34 and the narrative report. The note includes the surplus, however, as outlined in the narrative report, this is not included in the balance sheet due to restrictions prescribed by IAS19 and IFRIC14 on accounting for pensions.

Impairment Loss Allowance and Bad Debt provisions – As at 31 March 2024, the Council had a net debtor balance of £52.233m. A review of arrears balance suggested that impairment or provision for doubtful debts of £8.574m was appropriate. Any differences between the impairment level applied and the actual arrears position will naturally reflect in future spending patterns. Impairment loss allowances / provision for bad debts are contained within the figures for Short-Term Debtors contained in Note 18.

Fair Value Measurement – The majority of the Council's non-current assets are measured at Fair Value, with the exception of infrastructure assets valued at £71.415m, community assets valued at £259k, assets under construction valued at £28.886m and plant, vehicles and equipment valued at £10.808m. These are all valued at depreciated historical cost. Note 41 sections 7 and 8 provides further information on this.

ESTIMATES AND ERRORS NOTE 4b – PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND

Changes in accounting policies or estimates are outlined separately above. The following prior period adjustments had been made and restated in the comparator year 2022/23.

- 1) Reduction in the number of Housing Revenue Account (HRA) council dwellings at 31 March 2023 – Note 2 of the HRA accounts.

Council Owned Stock	Audited Accounts 2022/23	Adjustment	Restated 2022/23 Accounts shown in the 2023/24 Accounts
	Number of properties		
Houses	2,109	-19	2,090
Bungalows	1,068	-4	1,064
Flats	768	-14	754
Bedsits	8	0	8
Total	3,953	37	3,916

The number of council dwellings reported at 31 March 2023 was 3,953, which included properties purchased by the Council but which were being refurbished and were not available for renting as part of the housing stock at that time. The correct number of dwellings was 3,916 as shown above.

- 2) Impairment of Non-enhancing Capital Expenditure – HRA Note 4

Note 4 of the audited accounts for 2022/23 included £5.919m of non-enhancing capital expenditure which had been impaired in the revenue account of the HRA. This is now corrected as these costs were not charged to the revenue account and were instead charged against the revaluation reserve on the balance sheet during the post audit period.

	Audited Accounts 2022/23	Adjustment	Restated 2022/23 Accounts shown in the 2023/24 Accounts
	Impairment		
	£'000	£'000	£'000
Dwellings	5,919	-5,919	-

3) Heritage Assets at 31 March 2023 – Note 15

The Art collection has been corrected to £2.299m for 2022/23.

31/03/2023	Audited Accounts 2022/23	Adjustment	Restated 2022/23 Accounts shown in the 2023/24 Accounts
	£'000	£'000	£'000
Art Collection	2,275	25	2,299

NOTE 5 – EVENTS AFTER BALANCE SHEET DATE

The Council must report material events which occur after the reporting period of 31 March 2024 and up to the date the draft accounts were authorised for issue on 28 June 2024.

There were no material events between the reporting period and the date the draft accounts were published.

NOTE 6 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2023/24	Usable Reserves							Movement in Unusable Reserves
	Council Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Council Fund	Housing Revenue Account	HRA Capital Receipt Reserve	Total HRA	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments primarily involving the Capital Adjustment Account:								
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>								
Charges for depreciation, impairment and amortisation of non-current assets	14,729	-	-	14,729	3,083	-	3,083	(17,812)
Revaluation (gains)/losses on Property, Plant and Equipment	1,270	-	-	1,270	154	-	154	(1,424)
Movements in the market value of Investment Properties loss/(gain)	4,730	-	-	4,730	-	-	-	(4,730)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(18,133)	-	-	(18,133)	(7,006)	-	(7,006)	25,139
Revenue expenditure funded from capital under statute	2	-	-	2	-	-	-	(2)
Derecognition	-	-	-	-	-	-	-	-
Carrying amount of non-current assets sold	1,058	-	-	1,058	-	-	-	(1,058)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>								
Minimum Revenue Provision for Capital Funding	(1,446)	-	-	(1,446)	(134)	-	(134)	1,580
Capital expenditure charged against the Council Fund and HRA balances	(2,953)	-	-	(2,953)	(12,800)	-	(12,800)	15,753
Adjustments involving the Capital Receipts Reserve:								
Proceeds from Sale of Non-Current Assets	(580)	580	-	-	(509)	509	-	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	(98)	-	(98)	-	-	-	98
Use of capital reserve to finance capital expenditure	407	-	(407)	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account:								
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(15)	-	-	(15)	(5)	-	(5)	20
Total adjustments for capital purposes	(931)	482	(407)	(856)	(17,217)	509	(16,708)	17,564
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	10,824	-	-	10,824	(14)	-	(14)	(10,810)
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,980)	-	-	(11,980)	-	-	-	11,980
Total pensions adjustments	(1,156)	-	-	(1,156)	(14)	-	(14)	1,170
Adjustment involving the Accumulating Compensated Absences Adjustment Account								
Adjustments in relation to short-term compensated absences	(155)	-	-	(155)	117	-	117	38
Total other adjustments	(155)	-	-	(155)	117	-	117	38
Total Adjustments	(2,242)	482	(407)	(2,167)	(17,114)	509	(16,605)	18,772

2022/23	Usable Reserves			
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and amortisation of non-current assets	13,600	3,070		(16,670)
Revaluation losses on Property, Plant and Equipment	(848)	-	-	848
Movements in the market value of Investment Properties loss/(gain)	2,568	-	-	(2,568)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(16,385)	(3,782)		20,167
Revenue expenditure funded from capital under statute	-	-	-	-
Derecognition	3	-	-	(3)
Carrying amount of non-current assets sold	109	-	-	(109)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Minimum Revenue Provision for Capital Funding	(1,325)	(129)		1,454
Capital expenditure charged against the Council Fund and HRA balances	(2,053)	(7,398)		9,451
Adjustments involving the Capital Receipts Reserve:				
Proceeds from Sale of Non-Current Assets	(374)		374	-
Use of the Capital Receipts Reserve to finance capital expenditure			(822)	822
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(19)	(8)		27
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	25,740	905		(26,645)
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,388)			11,388
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	328	4		(332)
Total Adjustments	9,956	(7,338)	(448)	(2,170)

NOTE 7 – EARMARKED RESERVES

	Balance as at 31/03/2022 £'000	Transfers In 2022/23 £'000	Transfers Out 2022/23 £'000	Balance as at 31/03/2023 £'000	Transfers In 2023/24 £'000	Transfers Out 2023/24 £'000	Balance as at 31/03/2024 £'000
<i>Restricted Reserves - smaller service reserves less than £500k *</i>	7,178	2,313	(3,636)	5,855	3,042	(1,796)	7,101
<i>Restricted Reserves - which have since March 2022 fallen below £500k</i>	7,990	196	(6,910)	1,276	215	(697)	794
Restricted Reserves - Larger service reserves - £500k or more :-							
Insurance (Catastrophe) Reserve	1,341	164	(255)	1,250	98	(98)	1,250
Revenue Contributions to Capital Unapplied	2,107	3,077	(2,210)	2,974	810	(2,444)	1,340
Housing Developer Contributions S106	-	808	-	808	187	(155)	840
Affordable Housing	422	1,099	(904)	617	652	-	1,269
Archaeological Works at Wylfa	625	-	(103)	522	-	(87)	435
Leisure Improvements	762	-	-	762	-	-	762
Additional Revenue Settlement - response to increase in inflation	2,256	2,065	(1,144)	3,177	-	(1,462)	1,715
Out of County Education	500	-	-	500	-	-	500
Homes for Ukraine	-	467	-	467	75	(23)	519
Funds from General Reserves for Capital Reserves	-	1,821	(392)	1,429	-	(1,175)	254
Total Earmarked Reserves	23,181	12,010	(15,554)	19,637	5,079	(7,937)	16,779
School Balances	7,827	6,487	(7,598)	6,716	5,654	(6,793)	5,577
Total	31,008	18,497	(23,152)	26,353	10,733	(14,730)	22,356

The more significant reserves are:-

Insurance Reserve – this is to fund uninsured losses and policy excesses.

Revenue Contributions Unapplied to Capital – this is a capital reserve which is made up of revenue contributions to projects which have not been completed or have been funded by general grant to minimise capital financing costs. Where projects have received alternative funding this frees up the revenue contribution to fund another project in the future, again to reduce capital financing costs.

Housing Developer Contributions S106 – contributions received by housing developers which will be used to fund projects which are in line with the terms of agreement.

Affordable Housing – this reserve is for funding projects that will increase the affordable housing stock on Anglesey.

Archaeological Works at Wylfa – this is a reserve to fund the completion of archaeological works at the site which was previously being developed for a new nuclear power station by Horizon Nuclear Power Ltd. This is restricted to works agreed between the Council and Horizon.

Leisure Improvements – this reserve is funded from a windfall from HMRC, after HMRC lost a court case which argued that HMRC should not be collecting VAT on leisure services. The Council was repaid approximately £900k from HMRC. The current balance of £762k will be used to fund improvements to the Council's Leisure facilities on Anglesey.

Additional Revenue Settlement – this is to fund unknown inflationary pressures as they arise during the financial year.

Out of County Education – this reserve will be used to reduce the risk associated with the demand led budget and fund in-year unexpected increases.

Homes for Ukraine – support for families from the Ukraine to establish a life in Wales.

Funds from General Reserves for Capital Reserves – unspent funds to support capital projects in accordance with grant conditions.

Schools Balances – these balances are reserved for each school’s use in pursuance of its educational objectives. At 31 March 2024, five of the forty primary schools had balances in a deficit position (none as at 31 March 2023). None of the five secondary schools are in a deficit position at the end of the financial year (none as at 31 March 2023), the Special school is not in a deficit position at 31 March 2023. The combined value of the schools in deficit is £267k (£0k as at 31 March 2023). Copies of the Section 52 Statements, which each Council is required to prepare after the end of each financial year under Section 52(2) of the School Standards and Framework Act 1998, can be obtained from the Accountancy Section, Resources Function, County Offices, Llangefni, Anglesey, LL77 7TW.

NOTE 8 – CAPITAL RECEIPTS RESERVE

These are cash receipts from the sale of Council assets. These are used to fund capital expenditure in the year or to carry forward for future years. A balance of £2.900m will be carried forward to 2024/25 to help fund next year’s capital programme.

	2023/24 £'000	2022/23 £'000
Balance 1 April	1,908	2,381
Capital Receipts in year (net of reduction for administration costs)	1,090	374
	2,998	2,755
Less:		
Receipts set aside to repay debt	-	-
Capital Receipts used for financing	(98)	(822)
Other		(25)
Balance 31 March	2,900	1,908

NOTE 9 – UNUSABLE RESERVES

	31/03/2024 £'000	31/03/2023 £'000
a) Capital Adjustment Account	202,193	179,955
Financial Instruments Adjustment Account	(309)	(329)
b) Revaluation Reserve	204,023	173,399
c) Pensions Reserve	(10,522)	-
ch) Accumulating Compensated Absences Adjustment Account	(3,152)	(3,190)
Total Unusable Reserves	392,233	349,835

NOTE 9a – CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with costs such as depreciation, impairment losses and amortisations that are charged to the Comprehensive Income and Expenditure Statement and postings from the Revaluation Reserve to convert fair value figures to historic cost.

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Balance at 1 April		179,955		162,758
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation, impairment and amortisation of non-current assets	(17,812)		(16,670)	
Derecognised assets			(3)	
Revaluation losses on Property, Plant and Equipment	(1,424)		933	
Revenue expenditure funded from capital under statute	(625)		-	
Amounts of non-current assets written off on disposal or sale (including impairment) as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(1,058)		(195)	
		(20,919)		(15,935)
Adjusting amounts written out of the Revaluation Reserve		4,694		3,807
Net written out amount of the cost of non-current assets consumed in the year		(16,225)		(12,128)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	98		822	
Use of capital reserve	3,731		2,053	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	25,139		20,167	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	1,580		1,453	
Capital expenditure charged against the Council Fund and HRA balances	12,645		7,398	
		43,193		31,893
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		(4,730)		(2,568)
Balance at 31 March		202,193		179,955

NOTE 9b – REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage 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 Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2023/24	2022/23
	£'000	£'000
Balance at 1 April	173,399	175,887
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	35,318	1,317
Difference between fair value depreciation and historical cost depreciation	(4,290)	(3,670)
Revaluation balances on assets scrapped or disposed of	(404)	(135)
Balance at 31 March	204,023	173,399

NOTE 9c – 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.

Pensions Reserve	2023/24	2022/23
	£'000	£'000
Balance at 1 April	-	(121,199)
Re-measurement of net defined liability	59,453	156,270
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(10,810)	(26,645)
Employers' pension contribution and direct payment to pensioners payable in the year	11,980	11,388
Remove net pension asset as at 31 March 2023	(71,145)	(19,814)
Balance at 31 March	(10,522)	-

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 benefits earned to be financed as the Council makes employers' 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 difference 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.

NOTE 9ch – ACCUMULATING COMPENSATED ABSENCES ADJUSTMENT ACCOUNT

The Accumulating Compensated Absences Adjustment 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 on 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

Accumulating Compensated Absences Adjustment Account	2023/24		2022/23	
	£'000	£'000	£'000	£'000
Balance at 1 April		(3,190)		(2,858)
Settlement or cancellation of accrual made at the end of the preceding year	3,190		2,858	
Amounts accrued at the end of the current year	(3,152)		(3,190)	
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		38		(332)
Balance at 31 March		(3,152)		(3,190)

NOTE 10 – OTHER OPERATING EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Precept paid to the North Wales Police and Crime Commissioner	10,932	10,151
Precept paid to Community Councils	1,849	1,722
(Gains)/Losses on the disposal of non-current assets (Including Derecognition)	(32)	(262)
North Wales Fire and Rescue Authority	4,403	3,915
North Wales Community Joint Committee	76	36
Towyn Trewan Board of Conservators	12	4
Natural Resources Wales	4	4
Total	17,244	15,570

NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Interest payable and similar charges	5,515	5,698
Net interest on the defined liability	(27)	3,428
Interest receivable and similar income	(2,231)	(963)
Income and Expenditure in relation to investment properties and changes in their fair value	4,574	2,227
Derecognition and impairment of Financial Assets	743	599
Total	8,574	10,990

NOTE 12 – TAXATION AND NON-SPECIFIC GRANT INCOME

	2023/24	2022/23
	£'000	£'000
Council Tax Income	59,569	54,929
Non-Domestic Rates Redistribution	22,823	25,493
Revenue Support Grant	100,842	89,058
Capital Grants Applied to Fund Capital Expenditure	25,139	20,167
Total	208,373	189,647

NOTE 13a – NON-CURRENT ASSETS, PROPERTY, PLANT AND EQUIPMENT (PPE)

2023/24	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	173,412	214,080	19,853	259	29,034	1,452	438,090
Adjustment opening balance							-
Additions (Note 17)	9,497	5,321	1,220		24,978		41,016
Revaluation inc./(decr.) to Revaluation Reserve	17,816	(1,726)					16,090
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services		(1,567)					(1,567)
Derecognition - Disposals		(541)	(17)				(558)
Reclassification	3,080	13,000			(16,080)		-
Reclassified (to) / from Infrastructure					(2,571)		(2,571)
Reclassified (to) / from Assets Held for Sale		(247)					(247)
Reclassified (to) / from Investment Property		(60)			(6,267)		(6,327)
Reclassified (to) / from Heritage Assets					(208)		(208)
Balance as at 31 March 2024	203,805	228,260	21,056	259	28,886	1,452	483,718
Depreciation and Impairment							
At 1 April 2023	8,577	3,145	8,107	-	-	4	19,833
Depreciation Charge	2,680	8,347	2,158			12	13,197
Impairment charge to (Surplus) or Deficit on the Provision of Services		414					414
Impairment charge to Revaluation Reserve	9,497	4,606					14,103
Depreciation written out to Revaluation Reserve	(5,338)	(8,076)				(6)	(13,420)
Depreciation written out to (Surplus) or Deficit on the Provision of Services		(437)				(6)	(443)
Impairment written out to the Revaluation Reserve	(15,416)	(4,494)					(19,910)
Impairment written out to the Surplus/Deficit on the Provision of Services		(28)					(28)
Derecognition - Disposals		(68)	(17)				(85)
Balance as at 31 March 2024	-	3,409	10,248	-	-	4	13,661
Net Book Value							
Balance as at 31 March 2024	203,805	224,851	10,808	259	28,886	1,448	470,057
Balance as at 31 March 2023	164,835	210,935	11,746	259	29,034	1,448	418,257

2022/23	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	167,761	205,744	18,055	259	19,294	1,364	412,477
Additions (Note 17)	5,919	7,619	1,891	-	19,789	-	35,218
Revaluation inc./(decr.) to Revaluation Reserve	(5,080)	4,349	-	-	-	-	(731)
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services	-	501	-	-	-	-	501
Derecognition - Disposals	-	-	(93)	-	-	-	(93)
Derecognition - other	(1,616)	(4,139)	-	-	-	-	(5,755)
Reclassification	6,428	590	-	-	(7,018)	-	-
Reclassified (to) / from Assets Held for Sale	-	(584)	-	-	-	88	(496)
Reclassified (to) / from Investment Property	-	-	-	-	(3,031)	-	(3,031)
Reclassified (to) / from Heritage Assets	-	-	-	-	-	-	-
Balance as at 31 March 2023	173,412	214,080	19,853	259	29,034	1,452	438,090
Depreciation and Impairment							
At 1 April 2022	1,616	7,599	6,183	-	-	4	15,402
Depreciation Charge	2,658	7,174	2,012	-	-	5	11,849
Impairment charge to (Surplus) or Deficit on the Provision of Services	-	668	-	-	-	-	668
Impairment charge to Revaluation Reserve	5,919	4,903	-	-	-	-	10,822
Impairment written out to Revaluation Reserve	-	(6,330)	-	-	-	-	(6,330)
Impairment written out to (Surplus) or Deficit on the Provision of Services	-	(42)	-	-	-	-	(42)
Depreciation written out to Revaluation Reserve	-	(6,383)	-	-	-	(5)	(6,388)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(305)	-	-	-	-	(305)
Derecognition - Disposals	-	-	(88)	-	-	-	(88)
Derecognition - other	(1,616)	(4,139)	-	-	-	-	(5,755)
Balance as at 31 March 2023	8,577	3,145	8,107	-	-	4	19,833
Net Book Value							
Balance as at 31 March 2023	164,835	210,935	11,746	259	29,034	1,448	418,257
Balance as at 31 March 2022	166,145	198,145	11,872	259	19,294	1,360	397,075

Revaluations

The Council has £541.472m recognised as Property, Plant and Equipment (PPE). This includes £71.415m of infrastructure assets, such as roads and street lighting. This value for infrastructure is not included in Note 13a above for PPE but is, instead, reported below in Note 13b. The Council adopts a five-year rolling programme for the valuation of its land and property. The programme is constructed in such a way as to ensure that entire classes of assets within its land and property portfolio are revalued at least every five years, with the valuation effective on 31 March each year. In addition, to ensure that the valuations are materially correct, all Council property assets valued at £500k or higher will be valued each year and Council Dwellings will be valued every three years. The valuations are undertaken by the Council's in-house valuation team, who are members of the Royal Institute of Chartered Surveyors (RICS). The valuations have been completed in accordance with IFRS 13. Non-property assets have not been revalued as the Council has judged that the carrying value of these assets is approximate to fair value, given their relatively short useful economic lives and the relative value of these assets. Additional information on the Council's policy on the measurement and valuation of non-current assets is included in sections 7 to 10 of Note 41 Accounting Policies.

NOTE 13b - INFRASTRUCTURE ASSETS

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

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2023/24	2022/23
	£'000	£'000
Net Book Value at 1 April	68,807	69,857
Additions	4,137	2,984
Reclassification	2,571	
Depreciation	(4,100)	(4,034)
Net Book Value at 31 March	71,415	68,807

Total PPE Assets

	2023/24	2022/23
	£'000	£'000
Infrastructure assets	71,415	68,807
Other PPE assets	470,057	418,257
Total PPE assets	541,472	487,064

NOTE 14 - SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2024, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment, giving rise to significant capital commitments of £15.888m in 2024/25 and future years, as shown in the table below: -

	Commitment into 2024/25 & future years as of 31 March 2024 £'000
Planned Maintenance Contracts - HRA	3,598,142
Development of New Properties - HRA	9,052,033
New foundation unit at Ysgol Y Graig	1,356,328
Heat Pump Installation	23,900
Energy Projects	1,857,152
Total	15,887,555

NOTE 15 – HERITAGE ASSETS

2023/24

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation At 1 April 2023	2,299	144	2,443
Revaluation increase/(decrease) to Surplus/Deficit on the Provision of Services	-	(238)	(238)
Transfer from AUC	-	208	208
At 31 March 2024	2,299	114	2,413
Accumulated Depreciation and Impairment			
At 1 April 2023	-	12	12
Depreciation Charge	-	6	6
Depreciation Charge written out to the Surplus/Deficit on the Provision of Services	-	(18)	(18)
At 31 March 2024	-	-	-
Net Book Value			
At 31 March 2024	2,299	114	2,413
At 31 March 2023	2,299	132	2,431

2022/23 - Restated

	Art Collection £'000	Heritage Land £'000	Total Heritage £'000
Cost or Valuation At 1 April 2022	2,121	144	2,265
Opening balance adjustment	24		24
Additions	-	-	-
Derecognition	-	-	-
Revaluation increase/(decrease) to the Revaluation Reserve	154		154
At 31 March 2023	2,299	144	2,443
Accumulated Depreciation and Impairment			
At 1 April 2022	-	6	6
Depreciation Charge	-	6	6
At 31 March 2023	-	12	12
Net Book Value			
At 31 March 2023	2,299	132	2,431
At 31 March 2022	2,121	162	2,283

Revaluation of Heritage Assets (Land and Buildings)

A small number of Land & Buildings assets have been identified as meeting the definition of Heritage Assets. The Heritage Assets (Land & Buildings) were revalued in 2023/24, as per the Council's revaluation procedures. The most notable heritage assets are: -

Melin Llynnon Mill

The revaluation of this asset follows the Council's standard revaluation procedures for land and property. The mill and its land are leased out on an operating lease basis.

Felin Y Graig

This asset transferred in 2020/21 from Investment Properties to Heritage Assets to reflect its classification more accurately.

Revaluation of Heritage Assets (Art Collections)

The Council's Art Collections were revalued for 2022/23. The valuation was carried out by Bonhams of London, a firm of international Art Auctioneers and Valuers.

Revaluation of Heritage Assets (Civic Regalia)

The Heritage Assets (Civic Regalia) have been revalued in 2021/22 as per the Council's revaluation procedures and in line with the five-year rolling programme adopted for Property, Plant and Equipment (PPE) and Heritage Assets.

NOTE 16 – INVESTMENT PROPERTIES

a) Investment Properties

	2023/24 £'000	2022/23 £'000
Balance at start of the year	6,579	6,117
Disposals	-	-
Net gains/(losses) from fair value adjustments	(4,730)	(2,568)
Derecognition	-	-
Transfers:		
- (to)/from Property, Plant and Equipment	6,326	3,030
- (to)/from Heritage Assets	-	-
Balance at end of the year	8,175	6,579

There are no restrictions on the Council's ability to realise the value inherent in its wholly owned investment property which relates to the significant majority of the investment properties, or on the Council's right to the remittance of income and the proceeds of disposal on these assets.

The Council entered into a joint venture with Welsh Government for the construction of industrial units at Penrhos Industrial Estate, Holyhead which were completed in 2022/23. Phases 2 and 3 of the project were completed in 2023/24. The Council's share in the properties is 16% and Welsh Government's share is 84% due to Welsh Government's contribution to construction costs. The Council receives 16% of the income and holds 16% of the value of the property. There is also a restriction on the duration of the joint venture.

b) Fair Value Measurement of Investment Properties 2023/24 Fair Value Hierarchy

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2024 £'000
Retail Properties		852		852
Office units		616		616
Commercial units		6,707		6,707
Total	-	8,175	-	8,175

2022/23 Fair Value Hierarchy

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000	Fair Value as at 31 March 2023 £'000
Retail Properties	-	823	-	823
Office units	-	701	-	701
Commercial units	-	5,055	-	5,055
Total	-	6,579	-	6,579

NOTE 17 - CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed. The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

Capital Expenditure and Financing	2023/24 £'000	2022/23 £'000
Opening Capital Financing Requirement	144,112	137,804
Capital Invested in Year		
Property, Plant and Equipment	45,152	38,202
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	5,422	2,488
Total	50,574	40,690
Source of Finance		
Capital receipts	(98)	(822)
Reserve	(3,731)	(2,053)
Government Grants and Contributions	(25,139)	(20,168)
Revenue Provisions	(12,645)	(7,398)
REFCUS Grants	(4,797)	(2,488)
Minimum Revenue Provision and Set Aside	(1,580)	(1,453)
Total	(47,990)	(34,382)
Net Increase/(Decrease) in Capital Financing Requirement	2,584	6,308
Closing Capital Financing Requirement	146,696	144,112
Explanation of Movement in Year		
Increase in underlying need to borrow supported by Government assistance	3,991	2,757
Increase in underlying need to borrow unsupported by Government assistance	38	4,009
Loan	135	995
Minimum Revenue Provision and Voluntary Set Aside	(1,580)	(1,453)
Net Increase/(Decrease) in Capital Financing Requirement	2,584	6,308

NOTE 18– DEBTORS

	Long-Term Debtors		Short-Term Debtors	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Trade Receivables		-	1,804	2,327
Prepayments		-	1,529	1,329
Other Receivable Amounts	1,032	1,234	47,868	35,199
Total	1,032	1,234	51,201	38,854

The above debtors' figures are net of bad debt provisions totalling £8.784m in 2023/24 (£8.149m in 2022/23).

The past due date but not impaired amount for Council Tax can be analysed by age as follows: -

	31 March 2024 £'000	31 March 2023 £'000
Less than one year	2,685	2,530
More than one year	4,038	3,431
Total	6,723	5,961

NOTE 19 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flow can be reconciled to the related items in the Balance Sheet as follows: -

	31 March 2024 £'000	31 March 2023 £'000
Cash held by the Authority	78	125
Bank current accounts	426	593
Demand Deposits	15,000	11,522
Fixed Short Term Deposits	16,603	7,500
Total	32,107	19,740

NOTE 20 – CREDITORS

	Long-Term Creditors		Short-Term Creditors	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Trade Creditors		-	(4,480)	(12,494)
Other Payables	(166)	(158)	(37,985)	(22,075)
Total Creditors	(166)	(158)	(42,465)	(34,569)

NOTE 21 – PROVISIONS

	Balance at 1 April 2022 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2023 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2024 £'000
Insurance Claims Provision	387	200	(207)	380	76	-	456
Penhesgyn Waste Site	4,411	(76)	-	4,335	(88)	-	4,247
Gwynedd and Anglesey Additional Learning Needs & Inclusion Service	117	205	-	322	-	(322)	-
Total	4,915	329	(207)	5,037	(12)	(322)	4,703
Short-Term Provisions	504	405	(207)	702	76	(322)	456
Long-Term Provisions	4,411	(76)	-	4,335	(88)	-	4,247
Total	4,915	329	(207)	5,037	(12)	(322)	4,703

Purpose of Main Provisions - Penhesgyn Waste Site

The provision is for the aftercare of the areas of the site formerly used for landfill. There is no defined timescale for this work to be completed although, for management purposes, a time span of 30 years has been used on an ongoing basis until there is evidence that a shorter period would be sufficient. This funds annual decontamination works at Penhesgyn each year and provides for the risk of the culvert at the site collapsing.

NOTE 22 – CASH FLOW FROM OPERATING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Adjustment to surplus or deficit on the Provision of Services for non-cash movements		
Depreciation, Impairment and amortisation	17,812	16,670
Downward/(upwards) revaluations and non-sale derecognitions	1,424	(844)
(Increase)/decrease in Inventories	(8)	(95)
(Increase)/decrease in debtors	(12,145)	3,984
Increase/(decrease) in impairment for bad debts	-	-
Increase/(decrease) in creditors	7,904	(9)
Increase/(decrease) in grants receipts in advance	2,842	(2,367)
Transactions within the CIES relating to retirement benefits	(1,170)	15,257
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	1,058	109
Increase/(Decrease) in Provisions	(333)	121
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	4,730	2,568
Total	22,114	35,394
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	(1,089)	(374)
Capital Grants and Contributions Received	(25,139)	(20,441)
Total	(26,228)	(20,815)

NOTE 23 – CASH FLOW FROM INVESTING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Movement in short term Investments	22,500	(15,000)
Purchase of Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets	(45,152)	(38,202)
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	1,089	374
Capital Grants and Contributions Received	25,139	20,441
Net Cash flows from Investing Activities	3,576	(32,387)

NOTE 24 – CASH FLOW FROM FINANCING ACTIVITIES

	2023/24 £'000	2022/23 £'000
Movement in Borrowing		
Short Term Borrowing	(769)	(454)
Long Term Borrowing	(383)	(1,120)
Net Cash flows from Financing Activities	(1,152)	(1,574)

NOTE 25a – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Comprehensive Income and Expenditure Statement provides financial information in relation to expenditure and income per service. This nature of expenses note provides financial information per type of expenditure rather than by service.

	2023/24 £'000	2022/23 £'000
Expenditure		
Employee benefits	114,570	120,052
Other services	142,176	133,415
Depreciation, amortisation, impairment & movement in market value of investment properties	22,542	19,238
Interest Payments	22,815	9,127
De-recognition and Impairment of Financial Assets	743	599
Precepts and levies	17,276	15,832
Gain on the disposal of assets	(32)	(262)
Total Expenditure	320,090	298,001
Income		
Fees, charges and other service income	(37,321)	(35,292)
Interest and investment income	(19,714)	(1,304)
Income from Council Tax, Non-Domestic Rates	(82,392)	(80,422)
Government grants and contributions	(194,720)	(175,627)
Total Income	(334,147)	(292,645)
Surplus or Deficit on the provision of services	(14,057)	5,356

NOTE 25b SEGMENTAL INCOME

The table below shows the total of the Council's income from fees, charges, and rents for the provision of services. This excludes grant income and council tax income.

Services	2023/24 Income from Services £'000	2022/23 Income from Services £'000
Education, Young People and Skills	(730)	(939)
Adult Services	(6,508)	(6,333)
Housing	(537)	(386)
Highways, Property and Waste	(4,626)	(4,513)
Regulation and Economic Development	(3,067)	(2,843)
Transformation	(61)	(42)
Resources	(218)	(167)
Council Business	(167)	(203)
Corporate and Democratic Costs	(212)	(148)
Housing Revenue Account (HRA)	(21,195)	(19,719)
Total Income	(37,321)	(35,293)

Most transactions the Council enters into with service recipients are straightforward. All transaction prices are based on the Council's Fees and Charges booklet which has been approved by the Executive and which are outlined on the Council's website at the following link/web address: -

[Council fees and charges \(gov.wales\)](http://gov.wales)

Service recipients, typically, are given 14 days to pay the Council fees and charges owed. This excludes fees and charges payable at the point of provision of the goods/services.

Contracts can relate to the financial year from 1 April 2023 to 31 March 2024. Any income not received by the end of March is accrued to match with the services provided. Some income is received at the same time as the services/goods are provided, for example, sale of gifts in the Oriel shop, admission for a swimming session at the Leisure Centres. One of the most complex income types relates to fees and charges for complex Adult Social Care placements. These charges can be deferred until income is available from sale of property. The Adult Services does recognise this income each financial year, despite it being deferred to match with the period when the care is provided.

NOTE 26 – MEMBERS’ ALLOWANCES

A total of £1,013k (£918k in 2022/23) was paid in respect of allowances to Council Members during the year, as follows: -

	2023/24 £'000	2022/23 £'000
Basic and Special responsibility allowances	830	754
Chairman and Deputy Chairman’s Allowance	13	12
Pension Costs	85	75
National Insurance Costs	72	65
Travel Costs	2	3
Subsistence	2	-
Miscellaneous	9	9
Total	1,013	918

In addition, the Council spent £37,847 on expenses for lay members (£33,070 in 2022/23).

NOTE 27 – OFFICERS’ REMUNERATION

The number of employees (including senior officers) whose annual remuneration paid was more than £60k but not more than £150k in 2023/24, excluding pension contributions but including severance pay, is as follows: -

Officer Remuneration	Non-Schools 2023/24 Number of Employees	Non-Schools 2022/23 Number of Employees	Schools 2023/24 Number of Employees	Schools 2022/23 Number of Employees
£60,000 to £64,999	18	10	23	28
£65,000 to £69,999	3	-	29	18
£70,000 to £74,999	-	-	7	5
£75,000 to £79,999	-	-	6	4
£80,000 to £84,999	-	3	5	4
£85,000 to £89,999	6	3	3	1
£90,000 to £94,999	1	3	-	1
£95,000 to £99,999	3	-	3	1
£100,000 to £104,999	-	1	1	-
£105,000 to £109,999	1	-	1	1
£110,000 to £114,999	-	-	-	-
£115,000 to £119,999	-	-	-	-
£120,000 to £124,999	-	-	-	-
£125,000 to £129,999	1	-	-	-
£130,000 to £134,999	-	1	-	-
Total	33	21	78	63

The following table provides details of remuneration paid to senior employees who are employed on a permanent basis and whose annual salaries and other benefits exceed £60k per annum. Senior employees whose remuneration exceeds £150k per annum are also named individually to comply with statutory requirements: -

Senior Officer Remuneration 2023/24	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	128,608	-	25,850	154,458
Deputy Chief Executive		106,587	-	21,424	128,011
Director of Function (Council Business) / Monitoring Officer		86,596	-	17,406	104,002
Director of Function (Resources) & S151		95,577	-	19,211	114,788
Director of Social Services		95,577	-	19,211	114,788
Director of Education, Skills and Young People		95,577	-	19,211	114,788
Head of Profession: HR & Transformation		85,097	-	17,105	102,202
Head of Service: Housing		85,097	-	17,105	102,202
Head of Regulation and Economic Development		85,097	-	17,105	102,202
Head of Service: Adult Services		85,097	-	17,105	102,202
Head of Service: Highways, Waste & Property		85,097	-	17,105	102,202
Total		1,034,007	-	207,838	1,241,845

¹ The Returning Officer element of the Chief Executive's salary is £340 and is not included in the figures above.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2023/24 is 4.71:1 (5.17:1 in 2022/23). The median salary for all employees in 2023/24 is £27,334 (£24,054 in 2022/23). This is the salary at the mid-point of all employees' salaries, from lowest to highest.

Comparative figures for 2022/23 are shown in the following table: -

Senior Officer Remuneration 2022/23	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	124,259	-	26,591	148,345
Deputy Chief Executive	3	102,983	-	22,038	119,057
Director of Function (Council Business) / Monitoring Officer		87,840	-	17,905	99,436
Director of Function (Council Business) / Monitoring Officer (interim)	2	20,917	-	4,373	36,386
Director of Function (Resources) & S151		92,345	-	19,762	109,770
Director of Social Services		92,345	-	19,762	110,662
Director of Education, Skills and Young People	3	53,868	-	11,528	109,770
Head of Profession: HR & Transformation ⁴		82,219	-	17,595	97,766
Head of Service: Housing	4	82,516	-	17,658	99,495
Head of Regulation and Economic Development		85,373	-	17,595	97,477
Head of Service: Adult Services		82,219	-	17,595	55,508
Head of Service: Highways, Waste & Property		88,526	-	17,595	97,477
Total		995,410	-	209,997	1,205,407

¹ The Returning Officer element of the Chief Executive's salary is £7,885 and is not included in the figures above.

² The Director of Function (Council Business) / Monitoring Officer (interim) was in post until 30/06/2022 when the Director of Function (Council Business) returned from a period of absence.

³ The Director of Education, Skills and Young People started in their post 01/09/2022, the position was vacant prior to this. The previous Director of Education left their post on 31/03/2022 and started in their new post as Deputy Chief Executive on 01/04/2022.

⁴ The Head of Housing received an honorarium of £296.97 for extra responsibilities undertaken during the year.

NOTE 28 – EXIT PACKAGES

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies is set out in the table below: -

Exit cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24 £'000	2022/23 £'000
£0 - £20,000	9	1	5	1	14	2	122	20
£20,001 - £40,000	1	-	4	1	5	1	137	38
£40,001 - £60,000	-	1	2	-	2	1	89	46
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	1	1	-	-	1	1	84	81
£100,001 - £250,000	-	-	-	-	-	-	-	-
Total	11	3	11	2	22	5	432	185

In accordance with requirements, exit costs which the Council were committed to incurring at the 31st March, but paid after this date are included in the above. The totals disclosed are made up of payments made to the individual and any payments made by the Council to the pension fund when an employee retires early without actuarial reduction in pension in accordance with the Council's Discretionary Compensation Policy.

NOTE 29 – EXTERNAL AUDIT FEES

The Council has incurred the following costs relating to external audit and inspection: -

	2023/24 £'000	2022/23 £'000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	243	229
Fees payable to Audit Wales in respect of statutory inspections	109	109
Fees payable to Audit Wales for the certification of grant claims and returns for the year	75	75
Total	427	413

NOTE 30 – GRANTS INCOME

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

	Note	2023/24 £'000	2022/23 £'000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	12	100,842	89,058
Capital Grants and Contributions	12	18,133	16,385
Non-Domestic Rates AEF (NDR)	12	22,823	25,493
Grant - HRA (Capital Grants and Contributions)	12	7,006	3,782
Total		148,804	134,718
Credited to Services			
Grants:			
Post-16 Grant (Education)		3,200	3,372
Education Improvement Grant (Education)		2,568	2,865
Pupil Development Grant (Education)		1,795	1,956
Children and Communities Grant (Children's Services)		3,132	3,577
Concessionary Fares Grant		446	541
Housing Benefit Subsidy		13,029	13,270
Housing Support Grant		3,809	3,721
Environment and Sustainable Development Grant		464	464
Levelling Up Fund		3,286	129
Community Renewal Fund		-	2,351
Integrated Care Fund		1,947	1,961
Total		33,676	34,207
Covid Related Grants			
Covid Local Government Single Emergency Hardship Fund:			
Education, Skills and Young People		-	620
Adult Services		-	15
Resources		-	37
NDR Relief Grant		2,238	1,799
Total		2,238	2,471
Other Covid Grants:			
Education, Skills and Young People		1,005	914
Total		1,005	914
Other Grants:			
Education, Skills and Young People		5,506	3,992
Adult Services		1,447	1,308
Children's Services		2,873	3,360
Housing		3,259	2,551
Highways, Property and Waste		3,839	3,840
Economic Development and Regulatory		3,684	3,358
Corporate Transformation		240	293
Resources		618	1,408
Council Business		14	14
Housing Revenue Account		116	116
Total		21,596	20,240
Contributions:			
		10,223	8,295
Total grants and contributions credited to services		68,738	66,127
Total		217,542	200,845

Revenue Grants Received in Advance

Revenue Grants Received in Advance	2023/24 £'000	2022/23 £'000
Education, Skills and Young People	228	47
Economic Development and Regulatory	988	441
Housing	43	21
Social Services	365	155
Corporate Transformation	16	14
Rate Relief	8	447
Total	1,648	1,125

Capital Grants Received in Advance

The following capital grants were received in advance and have not been applied to the Comprehensive Income and Expenditure Statement: -

Capital Grants Received in Advance	2023/24 £'000	2021/22 £'000
Welsh Government Capital Grants and Contributions Received in Advance:		
Long-term		
North Wales Economic Ambition Board	3,625	5,401
Short-term		
Welsh Government contribution to Construction in Penrhos Phase III	-	612
Welsh Government contribution to Construction in Llangefni	-	22
Contaminated Land	17	17
Gateway Units	22	-
21st Century Schools	50	50
Community Disabled Hub Grant	10	10
Hwb IT Infrastructure Grant	-	99
Green Recovery Grant	71	71
Tourism Attractor Destination	374	-
Electric Vehicle Infrastructure	179	189
Low Carbon Heat Grant	24	-
North Wales Economic Ambition Board	2,990	1,425
Local Transport Fund Bus Infrastructure	-	28
Optimised Retrofit Programme Phase 3	-	371
Social Sector Medium & High Rise Remediation Capital Grant	-	269
Other	32	19
Capital Grants and Contributions Received in Advance from other Organisations:		
Housing Revenue Grant	34	-
Shared Prosperity Fund	250	-
Levelling Up Fund	3,580	-
Sports Wales	2	329
Other	71	100
Total	11,331	9,012

NOTE 31 – RELATED PARTIES

The Council is required to disclose information in relation to the Authority's transactions and outstanding balances with its related parties. The materiality of individual transactions arising through related parties and the following disclosures are concerned with transactions between the Council and its related parties. Details regarding joint committees and joint arrangements can be found in Note 37 Joint Committees and Pooled Budgets.

Members

Members are responsible for the direct control of the policies of the Council. The total Members' allowances paid during 2023/24 is shown in Note 26. The Council appoints Members to certain public, charitable and voluntary bodies, which are independent from the Council but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected Councillors, sit on the various committees and forums that are responsible for them. The breakdown of transactions with bodies under this heading are as follows:

	2023/24 £'000	2022/23 £'000
Payments made	2,664	3,555
Amounts owed by the Council	52	11
Amounts owed to the Council	2,342	3,473

A summary of the individual organisations (where not disclosed elsewhere) which have transactions with the Council in excess of £20k:-

Body	Relationship	Payments Made £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
2023/24				
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	291	1	198
Medrwn Môn	Member appointed by the Council to be a representative	135	-	-
Bangor University	Member appointed by the Council to be a representative	38	-	19
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	141	-	-
Total for 2023/24		605	1	217
2022/23				
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	761	4	19
Medrwn Môn	Member appointed by the Council to be a representative	310	-	-
Bangor University	Member appointed by the Council to be a representative	81	-	26
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	168	-	-
Total for 2022/23		1,320	4	45

Members have declared interests in contracts or in organisations which may have dealings with the Council. A breakdown of the payments made to these companies under this heading are as follows:

	2023/24 £'000	2022/23 £'000
Payments made	770	444

Transactions greater than £20k and not included elsewhere in this note can be found below:

Organisation	Payments made £'000	Amounts owed by Council £'000	Amounts owed to Council £'000
2023/24			
Age Cymru Gwynedd A Mon	108	-	-
Cymell Ltd	187	-	3
Action for Children	275	12	-
Holyhead Town Council	118	-	-
Network Rail	21	-	1
2022/23			
Age Cymru Gwynedd a Môn	121	-	-
Cymell Ltd	137	-	2
Seiriol Community Centre	20	-	-
Bwyd Da Môn CBC	37	-	-
Cyngor Bro Llanfairpwll	22	-	-

Senior Officers

Senior Officers' remuneration totals can be seen under Note 27. Senior Officers are required to complete a personal declaration of interest, stating any interests they may hold with any organisation which may receive payments from the Council. A breakdown of the payments made to these companies under this heading are as follows:

Interest	2023/24 Payments made £'000	2022/23 Payments made £'000
Head of Housing has interest in community run public house	11	9
Director of Social Services a director of a performing arts association	4	4

Government

Welsh Government has effective control over the general operations of the Council as it provides the statutory framework within which the Council operates. It also provides the majority of the Council's funding is in the form of grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. council tax, housing benefits). Details of Grant Income is set out in Note 30. Totals for Taxation and Non-Specific Tax is included in Note 12.

Betsi Cadwaladr University Health Board (BCUHB)

Betsi Cadwaladr University Health Board (BCUHB), through common control by central Government, is a related party to the Council. A breakdown of transactions are as follows:

	2023/24 £'000	2022/23 £'000
Payments made	1,076	1,317
Payments received	5,041	5,338
Amounts owed by the Council	291	490
Amounts owed to the Council	5,301	3,224

INTERESTS IN COMPANIES

The Council has interests in the following companies:-

The Isle of Anglesey Charitable Association (Y Gymdeithas)

The Isle of Anglesey Charitable Association, previously the Isle of Anglesey Charitable Trust, was established by the Isle of Anglesey Borough Council, a forerunner of the County Council, to administer investments purchased from monies received from Shell (UK) Limited when the company ceased to operate an Oil Terminal on Anglesey. The Association is now a separate legal entity with the same charitable purposes as the Isle of Anglesey Charitable Trust.

The Association is governed by a Membership of all of the Council's elected members in an ex-officio capacity, and a Board of 12 Trustees, six elected from the Membership, with the remaining six (including the Chair) appointed independently from the wider community.

The objectives of the Association are to provide amenities and facilities for the general public benefit of persons resident in the Isle of Anglesey. This is achieved by contributing towards spending on public services and by making grants to charitable and voluntary organisations.

The Council received £165k from the Association towards the running costs of Oriel Ynys Môn (£215k in 2021/22).

Organisation	2023/24 Payments made £'000	2022/23 Payments made £'000
WJEC CBAC LTD	515	473
Menter Môn Cyf	565	677

Welsh Joint Education Committee - WJEC CBAC Limited

The Council is a member of WJEC CBAC Limited, a charitable company whose members are the twenty-two Welsh unitary authorities and whose objectives are to provide examination services and to provide and promote other educational and cultural services. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

An extract from their financial statements is as follows:

	Net movement in funds £'000	Turnover £'000	Net (Liabilities) / Net Assets £'000
30 September 2022	31,097	55,493	87,174
30 September 2021	17,113	31,385	56,077

Copies of the company's accounts can be obtained from WJEC CBAC Limited, 245 Western Avenue, Llandaff, Cardiff, CF5 2YX. The auditor's report for the financial year ended 30 September 2022 is not qualified.

Menter Môn Cyfyngedig

The Council is a member of Menter Môn Cyf. The company's objectives are to promote economic growth in rural Anglesey. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

The company accounts shows the following:

	Net (loss) before tax/ Net gain before tax £'000	Turnover £'000	Net (Liabilities) / Net Assets £'000
31 December 2022	(626)	9,388	1,091
31 December 2021	(753)	5,963	(2,541)

Copies of the company's accounts can be obtained from Menter Môn, Llangefni Town Hall, Buckley Square, Llangefni, Anglesey, LL77 7LR. The auditor's report on the accounts for the financial year ended 31 December 2022 is not qualified.

Caergeiliog Foundation School

Balances for current assets and liabilities controlled by Caergeiliog Foundation School are included in these accounts and so the school's reserves, as stated in this Balance Sheet, represent only the net current assets. The school also has non-current assets that are stated on the school's Balance Sheet at £768k at 31 March 2024 (£687k at 31 March 2023), on a combination of valuation and historical cost, less depreciation. The non-current assets are vested in the school's Governing Body and are not consolidated in this Council's Balance Sheet.

NOTE 32 – TRUST FUNDS AND OTHER FUNDS ADMINISTERED BY THE COUNCIL

The Council acts as trustee for a number of trust funds some of which are registered charities. The financial administration of the trusts is completed by the Council as Trustee though the financial information held about each trust is separately identifiable. The Isle of Anglesey County Council Welsh Act Fund and the Anglesey Further Education are the two larger trusts for which the Council is trustee for.

2023/24	2023/24 Income £'000	2023/24 Expenditure £'000	2023/24 Assets £'000	2023/24 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	14	0	732	-
Anglesey Further Education Trust Fund	184	201	4,851	17

2022/23	2022/23 Income £'000	2022/23 Expenditure £'000	2022/23 Assets £'000	2022/23 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	12	0	705	-
Anglesey Further Education Trust Fund - final accounts	149	235	4,903	17

Anglesey Further Education Trust Fund (Reg. No. 525254)

The Anglesey Further Education Trust is made up of three funds. This includes the David Hughes Estate of farms and smallholdings which is managed by the Council's Smallholdings team within the Property Section. The David Hughes fund collects rents from its smallholdings and interest on its other investments. The other two funds earn income from non-property managed investments. The net income from the trust is to fund financial assistance for eligible older pupils and young people under 25 to help them to complete courses where they are at a financial disadvantage.

The current final audited accounts for the trust relate to 2021/22 which can viewed using the below link.

[Further Education Trust Annual Report and Accounts 2022/23.pdf \(anglesey.gov.uk\)](#)

Isle of Anglesey County Council Welsh Church Act Fund

This fund was previously managed by Gwynedd County Council which transferred the assets of the fund to the Council in May 2019. A consultant is currently reviewing the trust with a view to launching a new scheme which will outline the purpose of the fund, its plan for the provision of charitable aid as well creation of the fund as a new charity. The net assets of the fund at 31 March 2024 was £732k (£705k in 2022/23).

Minor Trusts

The Council is also trustee for a number of small education trusts as shown below:-

Minor Education Trusts	2023/24 Assets £'000	2022/23 Assets £'000
Amlwch		
Sir Thomas Jones and feeder schools	1	1
Mrs Dilys Evans BA	2	2
Mr Caradoc Evans MSc	2	2
Holyhead		
Stanley Scholarship	14	13
Menai Bridge		
F C Baines AP	34	33
Others		
Llanynghenedl War Heroes	7	7
John Williams-Hughes	3	3
Anwen Williams	6	6
Total Minor Education Trusts	69	67

Other funds administered by the Council

The Council as part of its safeguarding and supporting vulnerable people remit also administer a number of client bank accounts which the Council has been appointed to manage by the Department of Work and Pensions (DWP) as Corporate Appointee or the Court of Protection as relevant. This is on behalf of individuals who lack the capacity to manage their financial affairs themselves. These are managed by a team in Adults services and are monitored biannually by the Court of Protection. The total value of these accounts at 31 March 2024 was £933k (£842k in 2022/23). This value is not included in the Council balance sheet as the funds do not belong to the Council.

NOTE 33 – TEACHERS’ PENSION SCHEME

Teachers employed by the Council are members of the Teachers’ Pension Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members’ pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers’ contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2023/24, the Council paid £6.819m to Teachers’ Pensions in respect of teachers’ retirement benefits, representing 23.68% of pensionable pay (£6.332m and 23.63% in 2022/23).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers’ scheme. These costs are accounted for on a defined benefits basis and detailed in Note 34 below.

NOTE 34 – LOCAL GOVERNMENT DEFINED BENEFIT PENSION SCHEME

Retirement Benefits Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other 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 that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Gwynedd Pension Fund which provides defined benefits and is administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets. In addition, the Council’s share of the pension income, costs, assets and liability relating to the North Wales Economic Ambition Board are included in these figures.

a) Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when the employees earn them, rather than when they are eventually paid as pensions. However, the charge made against the Council Fund is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year: -

	2023/24 £'000	2022/23 £'000
Service cost comprising:		
Current service cost	10,810	23,124
Losses on settlements or curtailments	27	93
Total Service cost	10,837	23,217
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	17,300	14,201
Interest on the effect of the asset ceiling	939	-
Interest Income on scheme Assets	(18,266)	(10,773)
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	10,810	26,645
Return on Plan Assets (excluding amounts included in net interest expense)	(24,839)	16,664
Actuarial losses / (gains) arising on changes in demographic assumptions	(2,190)	(11,417)
Actuarial losses / (gains) arising on changes in financial assumptions	(23,019)	(211,308)
Other	11,295	49,790
Impact of the Asset Ceiling	(20,700)	-
Total re-measurement of net defined benefit liability - Asset	(59,453)	(156,270)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(48,643)	(129,625)
Reversal of net charges made for retirement benefits in accordance with the code	(193)	16,179
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	11,003	10,466
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	10,810	26,645

b) Pension Assets and Liabilities recognised in the Balance Sheet

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the Scheme as at 31 March 2024.

Amounts included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31 March 2024	31 March 2023
	£'000	£'000
Present Value of Scheme Assets	428,412	383,797
Present Value of Scheme Liabilities	(357,267)	(363,983)
Net Asset/(liability) arising from defined obligation	71,145	19,814

Reconciliation of Present Value of the Scheme Liabilities

	2023/24	2022/23 £'000
Balance as at 1 April	363,983	518,816
Adjustment to opening balance to amend NWEAB	53	149
Current service cost	10,810	23,124
Interest cost	17,300	14,201
Contributions from scheme participants	3,449	3,144
Remeasurement losses / (gains)	(24,436)	(183,988)
Past service costs	27	93
Estimated unfunded benefits paid	(976)	(923)
Estimated benefits paid	(12,943)	(10,632)
Balance as at 31 March	357,267	363,983

Reconciliation of Present Value of the Scheme Assets

	2023/24 £'000	2022/23 £'000
Opening Fair Value of Scheme Assets as at 1 April	383,797	397,617
Adjustment to opening balance to amend NWEAB 2021/22	-	149
Interest Income	18,266	10,773
Return on plan assets (excl. net interest expense)	24,840	(16,664)
Other Experience	-	(11,055)
Contributions by members	3,449	3,143
Contributions by employer	11,003	10,466
Contributions in respect of unfunded benefits	(976)	923
Unfunded benefits paid	976	(923)
Benefits paid	(12,943)	(10,632)
Balance as at 31 March	428,412	383,797

c) Fair Value of Scheme Assets

The table below shows the categorisation of equities and other investments between the Prices Quoted in Active Markets and Prices Not quoted in Active Markets and the percentage of each type of investments. The investment fund managers vary the investments to achieve the best returns in secure investments. In 2023/24, 29% of the fund investments were in Bonds which have performed better in 2023/24 compared with no bonds in 2022/23. 1% (£4.350m) was invested in cash and cash equivalents on unquoted markets due to the strength of the pound compared with nil in 2022/23. The Pension fund managers have since 2018/19, started to move investments from those quoted in active markets to two global pooled funds in the Wales Pensions Partnership (WPP). These investments are shown within Investment Funds and Unit Trusts which are not quoted in open markets. More information about the Gwynedd Pension Fund in its entirety is available on the following link:

<https://www.gwyneddpensionfund.wales/en/Home.aspx>

The Council's share of the Pension Scheme assets comprise: -

	2023/24 Prices Quoted in Active Markets £'000	2023/24 Prices not quoted in Active Markets £'000	2023/4 Percentage of Total Assets	2022/23 Prices Quoted in Active Markets £'000	2022/23 Prices not quoted in Active Markets £'000	2022/23 Percentage of Total Assets
Cash and cash equivalents	1,167	4,350	1%	1,197	-	0%
Private Equity	-	22,451	5%	-	24,150	6%
Investment Funds and Unit Trusts						
Equities	-	237,053	55%	-	238,805	62%
Bonds	-	122,613	29%	-	-	0%
Infrastructure	-	10,887	3%	-	10,891	3%
Other	-	-	0%	-	77,139	21%
Real Estate						
UK Property	-	29,646	7%	-	31,615	8%
Overseas property	-	-	0%	-	-	0%
Total Value – All Assets	1,167	427,000	100%	1,197	382,600	100%
Total Value of Active and Non-Active Assets		428,167			383,797	

ch) Scheme History

Analysis of scheme assets and liabilities: -

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000
Fair Value of Assets in pension scheme	428,412	383,797	397,617	357,955	274,492
Present Value of Defined Benefit Obligation	(357,267)	(363,983)	(518,816)	(534,216)	(399,012)
(Deficit)/Asset in the Scheme	71,145	19,814	(121,199)	(176,261)	(124,520)

The analysis of scheme assets and liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. Similar to 2022/23 present value of defined benefit obligations of £357.267m which is significantly lower than usual value due to the increased discount factor prescribed by accounting standards and used by the Actuary. This as mentioned in the narrative report is linked to the increased bank base rate and the value of UK corporate bonds which the discount factor is based on. The fair value of assets in the pension scheme is £428.412m which is higher than the present value of the defined benefit obligations of £357.267m. This resulted in a net asset position excluding unfunded benefits of £71.145m. Under accounting rules (IFRIC14) the council is not allowed to show a net pension asset on the balance sheet due to restrictions on the pensions fund. The Council has applied a net asset ceiling of £71.145m which will bring the asset to nil on the balance sheet on page 13. However, unfunded obligations cannot be offset against the net pension asset for the purposes of the asset ceiling. Therefore, the net pension liability on the balance sheet is £10.522m despite the positive performance of the pension fund in 2023/24.

d) The Significant Assumptions used by the actuary have been: -

	2023/24	2022/23
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	20.8 years	20.9 years
Women	23.5 years	23.7 years
<i>Longevity at 65 for future pensioners:</i>		
Men	21.9 years	22.1 years
Women	25.3 years	25.5 years
Inflation/Pension Increase Rate	2.75%	2.95%
Salary Increase Rate	3.25%	3.45%
Expected Return on Assets	11.20%	-1.50%
Rate for discounting scheme liabilities	4.85%	4.75%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50%	50%
Service post April 2008	65%	65%

dd) Sensitivity Analysis

Change in assumptions as at 31 March 2024	Approximate % increase to employer	Approximate Monetary Amount £'000
0.1% decrease in real Discount Rate	2%	7,420
1 year increase in member life expectancy	4%	14,704
0.1% increase in the Salary Increase Rate	0%	355
0.1% increase in the Pension Increase Rate (CPI)	2%	7,201

The sensitivity analysis above is based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change in assumption that all the other assumptions remain constant. The sensitivity analysis shows that the impact of a 0.1% increase in the real discount rate due to potential market changes which could decrease the fund's liabilities by £7.420m. A one-year increase in member life expectancy could increase liabilities by £14.704m. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e if improvements to survival rates predominately apply to younger or older ages). A 0.1% increase in the salary increase rate, could increase the fund's costs by £355k. A 0.1% increase in the pension rate could increase liabilities by £7.201m. The estimations in the sensitivity analysis have been calculated in accordance with professional actuarial assumptions, IAS 19, and FRS 102.

This means that the use of the 0.1% assumptions below were selected by the specialist actuary in accordance with his/her professional judgement. The Actuary would have considered current and past information. Information about people's lifespans and demographic information would have also influenced this.

e) Impact on the Authority's Cash Flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed by 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013.

Under the Act, the LGPS in England and Wales, and other main existing public service schemes, may not provide benefits in relation to service after 31 March 2014 (or Service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for schemes' regulation to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The net asset/liability show underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net asset of £71.145m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. This is a statutory accounting asset which does not affect Council balances. However, the accounting standard for Pensions IAS19 and IFRIC14 requires that a net pension asset cannot be included as an asset on the balance sheet, this has therefore been excluded and the pension liability shows the £10.522m balance on unfunded obligations in accordance with the rules.

f) Estimated contributions to be paid to Gwynedd Pension Fund in 2024/25

The Council anticipates paying £10.955m contributions to the scheme in 2023/24. The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2022/23 as at 31 March 2024 is £1.209m and is included in the short-term creditors' disclosure note.

NOTE 35 – FINANCIAL INSTRUMENTS

Financial instruments are contractual agreements between two or more parties regarding a right to payment of money. One party would have a financial asset where money or another financial asset is given to the other party, in exchange for the agreed return of the money or financial instrument, often with interest or a favourable return on the investment. The transaction would be a financial liability for the other party or parties. This would be the agreement to repay the money at the contracted time and for the agreed return. For example, the Council's main financial assets are its investments in bank deposits.

Examples of financial assets are cash, bank deposits, trade receivables (debtors), equities, bonds, and derivatives. Examples of financial liabilities are borrowings, trade payables (creditors) and any contractual obligation to deliver cash or financial assets to another entity.

Note 35a FINANCIAL ASSETS

This note shows the different categories of financial assets required by IFRS 9 and the value of the Council's financial assets at 31 March 2024. It also provides the value of non-financial assets, which includes the value of Land and Property and other assets. The Council can only enter into financial assets and liabilities in accordance with the Council's Treasury Management Strategy Statement. The strategy specifies strict criteria; therefore, the Council can only invest in financial assets which are highly secure, and which can be accessed when the Council needs the cash.

Most investments are deposits in UK banks which meet the Council's credit rating criteria, or loans to other local authorities. These all fall under the IFRS 9 classification of Financial Assets measured at Amortised cost as highlighted by Note 35a.

The table below shows the carrying amount of the financial assets. This is the value of the financial assets in the Balance Sheet based on amortised cost. would be the price to sell the financial assets on 31 March 2024.

Financial Assets	Short-term				Long-term				Total		
	31/03/2024		31/03/2023		31/03/2024		31/03/2023		31/03/2024		31/03/2023
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
Financial assets held at amortised cost											
Cash and cash equivalents											
Cash and cash equivalents - deposits	31,603	31,603	19,021	19,021	-	-	-	-	31,603	31,603	19,021
Other Cash and cash equivalents	504	504	719	719	-	-	-	-	504	504	719
Other Short-term Investments	-	-	22,500	22,500	-	-	-	-	-	-	22,500
Total Investments	32,107	32,107	42,240	42,240	-	-	-	-	32,107	32,107	42,240
Debtors											
Rents	343	343	317	317	-	-	-	-	343	343	317
Employee Loans	337	337	131	131	14	14	14	14	351	351	145
Trade Debtors	2,158	2,158	2,327	2,327	-	-	-	-	2,158	2,158	2,327
Deferred Income	-	-	-	-	1,018	1,018	1,220	1,220	1,018	1,018	1,220
Housing Benefits Overpayments	181	181	170	170	-	-	-	-	181	181	170
Other debtors	2,665	2,665	637	637	-	-	-	-	2,665	2,665	637
Total Debtors	5,683	5,683	3,582	3,582	1,032	1,032	1,234	1,234	6,715	6,715	4,816
Total Financial Instruments	37,790	37,790	45,822	45,822	1,032	1,032	1,234	1,234	38,822	38,822	47,056
Assets not Defined as Financial Instruments	46,983	46,983	36,730	36,730	552,321	552,321	496,430	496,430	599,305	599,305	533,160
Total Assets	84,773	84,773	82,552	82,552	553,353	553,353	497,664	497,664	638,126	638,126	580,216

The financial assets are split between investments and debtors. The investments are the cash deposits in UK banks along with other cash and cash equivalents which relate to the amounts held for operational banking and payment of day-to-day costs. The Council also invested £15.000m in a fixed term deposit at a higher interest rate. The amounts held as cash and cash equivalents in UK bank deposit accounts are surplus to the day-to-day needs, but which will be required in the future. These earn interest for the period invested. The other category of financial assets is debtors.

These relate to organisations or individuals who owe the Council money. The most significant are trade debtors which relate to amounts due for services received. Employee loans are also shown; these are soft loans which mainly relate to car loans for members of staff who travel more extensively on Council business. The loans were provided at lower than market value rate due to the need for work-related travel. Debtors exclude transactions with government departments, and income and payments arising from taxation, including Council Tax and business rates.

NOTE 35b – FINANCIAL LIABILITIES HELD BY THE COUNCIL

All of the Council's Financial Liabilities are classified as Financial Liabilities at Amortised Cost. This is shown below. The note also shows the value of non-financial liabilities.

The Council's borrowing liabilities amounted to £124,515m at 31 March 2024. This is the borrowing taken out over the years to fund capital expenditure on the construction of or refurbishment of Council assets. The short-term loans are the amounts due to be repaid by 31 March 2025. The long-term loans are due to be paid in more than one year's time. The main provider of loans to the Council is the Public Works Loans Board (PWLB), which is part of Central Government's Treasury Department.

The fair value of the Council's borrowing was calculated by the Council's Treasury Management consultants, Link Asset Services. The total fair value on the Council's borrowing was £108,935m, lower than the carrying value on the Balance Sheet of £124,515m at 31 March 2024. The fair value of the assets is £15,580m lower than the carrying amount because the PWLB is offering a net discount if the Council replaces these loans with new loans. The Council has benefitted from lower interest loans while the base rate of interest has been low. This has helped ensure that interest repayable each year is lower than previous years when interest rates were higher. The cost in increased interest repayable each year would be higher than the value of the PWLB total discount and the annual interest cost on the new loans would not be affordable.

Financial Liabilities	Short-term				Long-term				Total		
	31/03/2024		31/03/2023		31/03/2024		31/03/2023		31/03/2024		31/03
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities held at amortised cost											
Borrowing											
PWLB	2,977	1,861	3,738	3,811	117,690	103,865	117,708	112,664	120,666	105,726	121,446
Salix	364	364	373	373	3,485	2,845	3,849	3,155	3,849	3,209	4,222
Total Financial Liabilities - Borrowing	3,341	2,225	4,111	4,184	121,175	106,710	121,557	115,819	124,515	108,935	125,668
Creditors											
Trade	3,672	3,672	11,650	11,650	-	-	-	-	3,672	3,672	11,650
Other Creditors	21,656	21,656	1,177	1,177	-	-	-	-	21,656	21,656	1,177
Total Financial Liabilities - Creditors	25,328	25,328	12,827	12,827	-	-	-	-	25,328	25,328	12,827
Total Financial Liabilities	28,669	27,553	16,938	17,011	121,175	106,710	121,557	115,819	149,843	134,263	138,495
Total Liabilities not defined as Financial Liabilities	26,946	26,946	27,178	27,178	8,038	8,038	9,893	9,893	34,984	34,984	37,071
Total Liabilities	55,615	54,499	44,116	44,189	129,213	114,748	131,450	125,712	184,827	169,247	175,566

NOTE 35c – INCOME, EXPENDITURE, GAINS AND LOSSES

The table below shows the impact of the Council's financial instruments held on the Council's annual revenue account for 2023/24.

The table shows that the Council was charged £743k (£599k in 2022/23) for the impairment and de-recognition of the financial assets noted above in Note 35a. Impairment and de-recognition charges are shown in more detail in Note 36a. The debtors asset is impaired to consider the risk that not all outstanding debts will be paid. A charge for de-recognition is made for outstanding income unlikely to be paid. This reduces the value of the assets by this amount and charged the Comprehensive Income and Expenditure Statement (CIES).

The Council received £2,122k (£963k in 2022/23) in interest from its deposits in UK banks and loans to other local authorities. Interest on investments has increased significantly due to the impact of the increasing interest rates. This will also increase the interest receivable for 2023/24. The interest payable on borrowings relating to 2023/24 was £5,515m (£5.699m in 2022/23).

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Income, Expense, Gains and Losses				
Net (gain)/losses on:				
Financial assets measured at amortised cost (impairment loss allowance and derecognition)	743		599	-
Total net gains/losses	743	-	599	-
Interest revenue:				
Financial assets measured at amortised cost	(2,122)		(963)	-
Total interest revenue	(2,122)	-	(963)	-
Interest expense:				
Financial liabilities measured at amortised cost	5,515		5,699	-
Total Interest Expense	5,515	-	5,699	-

NOTE 36 – THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks: -

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.

Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.

Market Risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates. The overall management of significant risks arising from Financial Instruments is supported by the Council's Treasury Management Strategy Statement and Annual Investment Strategy which is approved by the full Council. The Council has only invested in UK banks and other local authorities during the year. The base rate increases have led to a significant increase in interest receivable. However, if the Council borrows from the PWLB in the future the interest rates will be much higher which would increase annual interest costs.

Credit Risk – Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers (debtors on the Balance Sheet). The standard requires the Council to provide for potential credit losses from potential non-payment of income due to the Council. This is called the Impairment loss allowance (ILA). Instead of basing potential losses on historic information only, the Council will consider potential future credit losses earlier and has revised the impairment policy to impair for potential credit losses on more current debtors. The revised policy can be found in Note 41 Accounting Policies.

The Council has assessed the credit risk of bank deposits on the likelihood of the bank defaulting in repaying the investment. There are increased risks to the banking sector from Brexit, the impact of the Pandemic and more recently, the war in Ukraine. However, the risk of default is still considered low. This is due to banks’ increased financial resilience following new legislation following the 2008 banking crises. The bank deposits have, therefore, not been impaired. Deposits are not made with banks and financial institutions unless, having been rated independently, they have attained a minimum credit rating or level of government guarantee, and credit limits are set for each counterparty. The Council has set a number of limits based on credit quality for different types of institutions, different periods and amounts and has a policy of not lending more than £15m to any one institution other than the UK government. The Council monitors credit ratings regularly and is alerted to changes by its Treasury Management consultants. Appropriate action is taken following any changes in accordance with the Annual Investment Strategy. An Annual Treasury Report is produced to report on investment activity.

There were no material breaches of credit limits during the financial year and there were no breaches of the counterparty criteria. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers; it has prescribed collection procedures for amounts owed by its customers and appropriate provisions are made for potential

credit losses. In some circumstances, the Council obtains a legal charge on property to cover deferred debts, such as self-funding of residential care. The Council also has a number of longer-term debtors, mainly car loans to employees and residual mortgages from a closed scheme offering home loans to tenants and to members of the public. The residual mortgages are low risk due to the charge held by the Council on mortgaged properties. The car loans are considered low risk due to the ability to deduct repayments of car loans from employees’ salaries, reciprocal arrangements with other local authorities for any staff transferring with outstanding car loans, insurance for loans unpaid due to death in service and normal debt recovery procedures for any employees who leave local government employment.

NOTE 36a – IMPAIRMENT AND DERECOGNITION OF FINANCIAL ASSETS

In order to ensure that the Council’s income is not overstated in these accounts, debtors balances are impaired to account for the credit risk of receiving less income than is outstanding. This impairment takes into account more current debtors as well as debts outstanding over a longer period of time. In order to ensure that the Council does not recognise any income which might never be recovered, these debts are considered for write-off, which must be approved in accordance with the Council’s constitution. Those approved for write-off are removed from the debtors balance and charged against revenue in the Financing and Investment Income and Expenditure section of the CIES.

The changes in impairment allowance and amount de-recognised is shown below: -

Asset Class (amortised cost)	2023/24	2022/23
	Lifetime expected credit losses - not credit impaired £'000	Lifetime expected credit losses - not credit impaired Restated £'000
Opening Balance as at 1 April	4,605	4,121
Deposits in UK Banks	-	-
Trade Debtors (excluding public sector and taxation)	496	441
Soft Loans	-	-
Housing Benefit Overpayments	97	34
Rents	48	9
Total Impairment Allowance 31 March	5,246	4,605
Financial Assets that have been derecognised	102	115
Total Impairment and Derecognition charged	743	599

NOTE 36b – Credit risk from investments

The below criteria provides the minimum credit ratings for institutions the Council invests in. In practice the Council invests in UK banks and building societies and other UK local authorities after assessment of their financial information. The criteria also allows for UK Central Government financial instruments and triple A rated money market funds. This criteria below is included in the annual Treasury Management Strategy Statement and has been approved by Full Council.

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
NatWest Bank (Part Nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	£30m	364 days
UK Central Government (irrespective	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities*	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

The table below details all the investments made by the Council as of 31 March, and the organisations' credit ratings which meet the Council's minimum criteria. In 2022, the Council started placing investments in fixed term fixed interest accounts which are secure but secure a higher rate of interest. This continued throughout 2023/24 while cash balances are sufficient to allow investments for fixed periods of time.

Counterparty (Bank)	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard)	Long Term Credit Rating (Fitch)	Long Term Credit Rating	Long Term Credit Rating (Standard & Poor's)	Fair Value of Investments 31.03.24 £'000	Carrying Value of Investments 31.03.23 £'000
Goldman Sachs International Bank	F1	P-1	A-1	A+	A1	A+	-	7,500
Royal Bank of Scotland Call Account	F1	P-1	A-1	A+	A1	A+	2	2
Natwest Cash Manager Call Account	n/a	n/a	n/a	n/a	n/a	n/a	9,006	11,518
Loyds Bank Plc Call A/c Bank of ScotlanPlc - Call Account	F1	P-1	A-1	A+	A1	A+	7,593	
Natwest Cash Fixed Term Deposit	n/a	n/a	n/a	n/a	n/a	n/a	5,000	10,000
Nationwide BS	F1	P-1	A-1	A	A1	A+	5,000	-
Santander	F1	P-1	A-1	A+	A1	A	5,001	7,500
Wrexham County Borough Council	n/a	n/a	n/a	n/a	n/a	n/a	-	5,000
							31,602	41,520

NOTE 36c – LIQUIDITY RISK AND PROFILE OF WHEN THE COUNCIL IS DUE TO REPAY LOANS

Liquidity Risk is low as the Council had no difficulty in the past in obtaining finance and has ready access to the Public Works Loans Board (PWLB) as lender of last resort. The key aims of the Treasury Management Strategy are to ensure the Authority is exposed to low risk and to ensure liquidity. The majority of the Authority's investments are in instant access deposit accounts. Therefore, there is a reduced risk that it will be unable to raise finance to meet its commitments under financial instruments.

However, there is often a risk that the Council will need to renew a significant proportion of its borrowings at a time of high interest rates. The current low interest rates would reduce interest rates on new loans that are taken out to repay the debt maturing. To assist in achieving this, the Council uses external treasury management advisors.

The maturity analysis of outstanding loans is shown in Note 36c below. Trade and other payables are due to be paid in less than one year.

	2023/24 Outstanding principal £'000	2023/24 Accrued interest £'000	2023/24 Cost less accumulated amortisation £'000	2022/23 Outstanding principal £'000	2022/23 Accrued interest £'000	2022/23 Cost less accumulated amortisation £'000
>50 years			-	-	-	-
34-50 years	32,963		32,963	41,476.00	-	41,476.00
23-33 years	50,251		50,251	41,738.00	-	41,738.00
15-22 years	22,994		22,994	23,219.00	-	23,219.00
11-14 years	2,162		2,162	2,422.00	-	2,422.00
7-10 years	4,307		4,307	3,816.00	-	3,816.00
4-6 years	3,493		3,493	5,620.00	-	5,620.00
1-3 years	5,004		5,004	3,266.00	-	3,266.00
Total Long-Term Borrowing	121,174	0	121,174	121,557.00	-	121,557.00
Total Short-Term Borrowing (< 1 year)	1,236	2,105	3,341	2,243	1,868	4,111
Total	122,410	2,105	124,515	123,800	1,868	125,668

NOTE 36ch – MARKET RISK AND ESTIMATED IMPACT OF A ONE PERCENT INCREASE IN INTEREST RATES ON FINANCIAL ASSETS

Interest Rate Risk – The Council faces potential risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would have the following effects: -

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise;
- Borrowings at fixed rates – the fair value of the borrowings' liabilities would fall;
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise; and
- Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value as these are carried at Amortised Cost in accordance with the CIPFA code. Therefore, nominal gains and losses on fixed rate borrowings would not affect the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Council policy is to borrow mainly at fixed rates, thus obtaining certainty as to interest payable over the period of the loans. The Council, supported by its treasury advisors, continually monitors the prevailing interest rates and the market forecasts. If there was a significant risk of a sharp rise in long and short-term rates, then the portfolio position would be re-appraised with the likely outcome being that fixed rate funding would be drawn down whilst interest rates were still relatively cheap. If there was a significant risk of a sharp fall in long and short-term rates, then long-term borrowings would be postponed and any appropriate rescheduling from fixed rate funding into short rate funding would be undertaken.

All of the Council's current and long-term borrowings are held at fixed rates. This helps reduce the impact of bank rate changes on the Council. Note 39ch shows the impact of a 1% interest rate increase on the fair value of the Council Financial Instruments. The value of the loans in the Balance Sheet would remain the same due to the interest rates being fixed. However, the fair value would reduce. The rate increase would have a positive impact on the Council's deposits as an extra £115k interest receivable would be received if there was a 1% increase in interest rates. However, as the Council's investments are mainly fixed term which offer much higher returns, the impact of a 1% increase on this is not included in the below figure.

Impact of a 1% interest rate increase	£'000
Increase in interest receivable from investments	115
Impact on other Comprehensive Income and Expenditure	115
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income)	15,393

The Council receives regular market information and advice from its treasury management consultants and potential outcomes in relation to Brexit, Covid-19 and more recently the war in Ukraine.

The Council has sufficient cash balances and has not had to take out PWLB borrowing during the year. However, the Council did undertake two new Salix loans that are specific towards the development of more efficient energy usage.

NOTE 37 – JOINT COMMITTEES AND POOLED BUDGETS

NOTE 37a – JOINT COMMITTEES

Joint Planning Committee

The Isle of Anglesey County Council and Gwynedd Council are parties to the Joint Planning Committee.

Gwynedd Council is responsible for the operation of this committee, and the year-end balances are reflected in its Balance Sheet. The accounts for the committee can be viewed by following:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/Joint-Planning-Policy-Committee.aspx>

GwE

The Isle of Anglesey Council and the Councils of Gwynedd, Conwy, Flintshire, Wrexham and Denbighshire are parties to a joint committee relating to GwE (Gwasanaeth Effeithiolrwydd a Gwella Ysgolion Rhanbarthol) (Regional School Effectiveness and Improvement Service).

Gwynedd Council is responsible for the operation of this committee, and the year-end balances are reflected in its Balance Sheet. The accounts for the committee can be viewed by following:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/GwE-Joint-Committee.aspx>

North Wales Economic Ambition Board

The Council is part of the North Wales Economic Ambition Board which comprises representatives from all six of the North Wales Local Authorities. A key role of this committee is to coordinate the planning and delivery of the Growth Vision for North Wales, with an initial emphasis on the Growth Deal. The Growth Deal is a package of funding from Central Government and the Welsh Government, with a budget of £240m to deliver projects across Wales to deliver sustainable and economic growth.

Additional information about the Joint Committee can be found on Gwynedd Council's website at the following web address/link:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/North-Wales-Economic-Ambition-Board.aspx>

Parc Adfer (North Wales Residual Waste Treatment Project)

The Parc Adfer plant became fully operational during 2019/20. Service costs are being incurred and are reflected under the Highways, Property and Waste part of the Comprehensive Income and Expenditure Statement. Flintshire Council acts as lead authority on this project. A copy of the 2022/23 accounts can be viewed using the following (item 6):

<https://www.flintshire.gov.uk/agenda-for-north-wales-residual-waste-joint-committee-on-monday-30th-october-2023-2.00-pm>

North Wales Corporate Joint Committee (North Wales CJC)

The North Wales CJC was established during 2021/22 and comprises of the six North Wales local authorities and Snowdonia National Park. This joint committee is responsible for strategic development, planning, regional transport planning and promoting the economic well-being of North Wales. Isle of Anglesey Council's contribution for 2023/24 is £76k (2022/23 £36k). The Statement of Accounts can be found here:

The Isle of Anglesey County Council is also involved in various joint arrangements with neighbouring North Wales Councils and the Welsh Government, as follows:-

- North Wales Adoption Service (Lead: Wrexham. Parties: Flintshire, Denbighshire, Conwy, Gwynedd);
- Minerals and Waste Service (Lead: Flintshire. Parties: Denbighshire, Conwy, Gwynedd);
- Regional Emergency Planning Service (Lead: Flintshire. Parties: Wrexham, Denbighshire, Conwy, Gwynedd);
- Galw Gofal (Lead: Conwy, Parties: Gwynedd, Flintshire).
- Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board (see Note 37b);
- Penrhos Industrial Estate – A joint arrangement since 2020/21 with Welsh Government where the Council keeps 16% of the net rental income and the remainder is transferred to the Welsh Government.

The joint operations relating to Anglesey which were a result of the Covid-19 crisis have now come to an end, with the remaining Bus Emergency Scheme coming to an end in its present form March 2024. The Bus Emergency Scheme is funding from Welsh Government to support regional bus operators. Flintshire County Council acts as agent for the six North Wales local authorities. The income and expenditure is shared between the North Wales authorities on the basis of the Bus Services Support Grant. Isle of Anglesey County Council's share amounted to £1.117m in 2023/24.

NOTE 37b POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1 April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions for Isle of Anglesey County Council are included in the Adults Services line of the Comprehensive Income and Expenditure Statement. This amounts to £7,214k in 2023/24 (£5,708k 2022/23).

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2024 are as follows; the contributions for quarters 3 and 4 are included for information only and have not been accrued in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2024/25:

North Wales Pooled Budget for Care Homes for Older People	2023/24	2022/23
	£'000	£'000
Expenditure		
Care Home Costs	126,922	111,032
Total Expenditure	126,922	111,032
Funding		
Isle of Anglesey County Council	(7,214)	(5,708)
Conwy County Borough Council	(18,182)	(15,864)
Denbighshire County Council	(11,914)	(10,236)
Flintshire County Council	(13,578)	(10,556)
Gwynedd Council	(12,044)	(11,214)
Wrexham County Borough Council	(14,957)	(14,434)
Betsi Calwaladr University Health Board	(49,033)	(43,020)
Total Funding	(126,922)	(111,032)
(Surplus)/Deficit transferred to Reserve	-	-

NOTE 38 – AGENCY ARRANGEMENTS

The Isle of Anglesey County Council acts as an agent for various schemes on behalf of the Welsh Government.

Houses into Homes

The Council acts as an agent for Welsh Government for the provision of loans to individuals for renovation of empty homes in order to reduce the number of empty homes on Anglesey and increase housing opportunities:-

Houses into Homes £922k (£715k 2022/23);
Home Improvements Empty Homes £32k (£108k 2022/23);
Town Centre Scheme £740k (£875k 2022/23);
Empty Homes Renovations Scheme £333k (£333k 2022/23).

Other Schemes

During 2023/24, the Isle of Anglesey County Council has acted on behalf of the Welsh Government administering the different support grants made available to the citizens of Anglesey.

Isle of Anglesey acted as an agent for the following grants relating to the Covid pandemic:

- Business Support Grants – grants to support businesses during lockdown closures,
- Self-Isolation Grants – payment to individuals who are self-isolating as a result of exposure / potential exposure to Covid-19;
- Winter Fuel Payments – payments to eligible households to provide support towards paying their winter fuel bills;
- Statutory Sick Pay (SSP) Enhancement – top up of SSP to full pay for care workers when they are unable to work due to Covid-19;
- Social Care Payments – bonus payment to social care workers as recognition of their work during the pandemic.

Energy Bills Support Scheme

This is a scheme to help reduce the impact of the rise in energy costs where £400 is provided to all households towards their energy bills.

Homes for Ukraine

The agency element of this scheme consisted of a £350 a month thank you payment to those who host families fleeing from the Ukraine, this raised increases to £500 after 12 months, up to a maximum of two years. The other element of this scheme is a £200 payment to Ukrainian families to help them to start a life in Wales.

Teitl y Grant	2023/24				2022/23			
	Taliadau a Wnaed £'000	Grant a Dderbyniwyd gan y Llywodraeth £'000	Ffi Gweinyddu a Dderbyniwyd £'000	Balans yn ddyledus (i)/gan Llywodraeth ar 31 Mawrth £'000	Taliadau a Wnaed £'000	Grant a Dderbyniwyd gan Llywodraeth £'000	Ffi Gweinyddu a Dderbyniwyd £'000	Balans yn ddyledus (i)/gan Llywodraeth ar 31 Mawrth £'000
Grantiau Busnes	-	-	-	-	-	2,172	-	-
Cynllun Hunan-ynysu	-	-	-	-	416	(633)	(23)	-
Taliadau Tanwydd Gaeaf	8	(208)	(11)	-	1,287	(1,545)	(46)	219
Ychwanegiad Tâl Salwch Statudol	-	-	-	-	137	(162)	-	-
Cynllun Cymorth Costau Byw	-	-	-	-	3,289	(3,289)	-	-
Cynllun Cymorth Biliau Egni	140	310	-	-	-	(450)	-	-
Taliadau Gofal Cymdeithasol	-	(2,890)	-	-	2,890	-	-	2,890
Catrefi i Wcrain	98	(76)	-	22	103	99	-	4
Cyfanswm	246	(2,864)	(11)	22	8,122	(3,808)	(69)	3,113

NOTE 39 – 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 North Wales Police Authority for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax base for 2023/24 was 32,819.56 (32,042.00 in 2022/23).

The amount for a band D property in 2023/24, £1,825.30 (£1,738.01 in 2022/23), is multiplied by the proportion specified for the particular band to give the amount due by band. Individual amounts due are calculated by applying discounts and benefits to the amount due by band.

Council Tax bills were based on the following multipliers for bands A to I: -

Band	Total Dwellings	Multiplier	Band "D" Equivalent
A*	44	5/9	5.83
A	4,250	6/9	2,833.50
B	6,268	7/9	4,875.11
C	6,520	8/9	5,795.11
D	7,062	9/9	7,062.00
E	5,345	11/9	6,532.17
F	2,624	13/9	3,789.86
G	1,090	15/9	1,817.08
H	172	18/9	344.00
I	53	21/9	123.67
Total			33,178.33

The Council Tax Base is calculated as follows:-

	2023/24	2022/23
Band D equivalent as above	33,178.33	32,392.14
Collection Rate	98.50%	98.50%
Revised Band D equivalent	32,680.66	31,906.26
MoD Properties – Band D equivalent	138.90	135.74
Council Tax Base	32,819.56	32,042.00

Analysis of the net proceeds from Council Tax:	2023/24 £'000	2022/23 £'000
Gross Council Tax	59,731	55,595
Add/Less: provision for non-payment not required or not previously accounted for	(162)	(666)
Council Tax collectable	59,569	54,929
Less Council Tax Reduction awarded to residents	(6,030)	(6,236)
Net Proceeds from Council Tax	53,539	48,693

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. £6.030m of Council Tax reductions were awarded in 2023/24 (£6.236m in 2022/23).

NOTE 40 – NON-DOMESTIC RATES (NDR)

Non-domestic properties are normally assessed every five years for the purpose of calculating liability for NDR. The most recent list came into force on the 1st of April 2023. Revaluations do not raise extra revenue overall but reflect changes in the property market values across the country, redistributing the same total tax liability for NDR. Some rates bills will rise and some will fall but the average national bill will only change with inflation.

The Welsh Government specifies an amount for the rate – 53.5p in 2023/24 (53.5p in 2022/23), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR pool administered by the Welsh Government. The Welsh Government then redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

NDR income, after reliefs and provisions (including Small Business Rates Relief provided by the Welsh Government), amounted to £9.663m for 2023/24 (£14.061m in 2022/23) and was based on rateable value at the year-end of £41.985m (£41.428m in 2022/23).

Analysis of the net proceeds from non-domestic rates:	2023/24 £'000	2022/23 £'000
Non-domestic rates collectable	9,663	14,061
Cost of collection allowance	(188)	(184)
Interest paid on overpayments	(20)	-
Provision for bad debts	(121)	(169)
Contribution to cost of charitable relief	53	72
Retail, Leisure and Hospitality Business Rates Relief Scheme met from grant	2,242	1,578
High Street and Retail Relief met from grant	(3)	-
Payments into national pool	11,626	15,358
Redistribution from national pool	22,823	25,493

NOTE 41 – CONTINGENT LIABILITIES

Electrical Installation Condition Report (EICR) Certificates

Landlords are required to produce EICR certificates from an experienced and qualified electrician who has assessed the electrical installation within a property and deemed it be safe. These are usually required to be undertaken at least every five years. These electrical checks have been completed in accordance with the law but in some instances copies of the certificates were not provided to Council tenants. Failure to issue EICR certificates to housing tenants within seven days of the electrical inspection may result in the Council having to repay rent to those tenants who did not receive copies of the certificates as compensation. Whether the Council will have to pay depends on the outcome of a court case relating to another local authority on this matter.

Waste Recycling Targets

Welsh Government, in a bid to increase recycling, have issued waste recycling targets for Local Authorities for a number of years. Failure to reach those targets will result in a fine for those Councils. Isle of Anglesey's waste recycling target was missed for 2021/22 and 2022/23.

NOTE 42 – CONTINGENT ASSETS

Legal Charges

The Council retains a number of legal charges over privately owned residential properties, where it provided support to the buyers under schemes for assisted home purchase, with the Council being entitled to a share of proceeds on the sale of the properties. The actual amount that will be received will vary, dependent upon both the selling prices of individual properties and the nature of any other legal charges against them which may take precedence over the Council's. The timing of any receipts is dependent upon the occurrence of sale.

NOTE 42 – ACCOUNTING POLICIES

This section discloses the specific accounting policies adopted by the Council for completion of the accounts.

Policy Reference	Policy Title
1	General Principles
2	Accruals of Income and Expenditure
3	Events After the Balance Sheet Date
4	Jointly Controlled Operations and Jointly Controlled Assets
5	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
6	Value Added Tax (VAT)
7	Fair Value Measurement
8	Non-Current Assets (Property, Plant and Equipment)
9	Investment Properties
10	Intangible Assets
11	Inventories and Long-term Contracts
12	Cash and Cash Equivalents
13	Financial Instruments
14	Provisions, Contingent Liabilities and Contingent Assets
15	Reserves
16	Revenue Recognition
17	Internal Interest
18	Leases
19	Charges to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)
20	Government Grants and Contributions
21	Revenue Expenditure Funded from Capital Under Statute (REFCUS)
22	Overheads and Support Services
23	Foreign Currency
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1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its financial position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations and the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the CIPFA Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). All principal accounting policies have been applied consistently throughout the year. The Statement of Accounts has been prepared on a "going concern" basis.

2. Accruals of Income and Expenditure

Transactions are accounted for in the year that they take place, not simply when cash payments are made or received. This accruals accounting approach provides a more complete basis for reporting the Council's financial performance as it includes the Council's future commitments to pay/receive cash for goods and services received but not paid by 31 March 2023. Income and expenditure are accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e., on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid. Income from the sale of goods is included in the accounts when the sale is completed, not when the cash is received. Income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and, as a result of this, the Council is due income in return for the services provided. In addition: -

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and bank deposits and payable on borrowings (including bank overdrafts) is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

3. Events after the Balance Sheet Date

Events can occur after the year-end which might have a significant effect on the financial results for that year. Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is authorised for issue when the Section 151 Officer signs the final audited accounts, after the accounts are approved by full Council. The law requires that the audited, authorised final accounts are completed by 31 July following the year-end. Two types of events can be identified: -

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

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

4. Jointly Controlled Operations and Jointly Controlled Assets

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

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

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates of Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue & Customs. VAT receivable is excluded from income.

7. Fair Value Measurement

IFRS 13 Fair Value Measurement requires most non-current assets, liabilities, and financial instruments to be valued at fair value, often with regard to an active market value where available. For operational assets, the standard introduces the concept of fair value being based on current value (often value in use) for revaluations of Property, Plant and Equipment. This means measurements should reflect the market conditions for the service or function at the reporting date.

The standard provides different fair valuation approaches to differing asset types. For non-operational assets, i.e., investment assets, assets held for sale and surplus assets, these are valued at their highest and best use. Where there is an alternative use which would be of a higher fair value that is the fair value which would be used for the valuation of non-operational assets. The code does not require infrastructure assets to be revalued at current value. Infrastructure assets are, instead, valued at depreciated historical cost.

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

8. Non-Current Assets (Plant, Property and Equipment)

8.1 Recognition

Non-current assets – Plant, Property and Equipment (PPE) – are physical assets which last a year or more and will be used by the Council in support of its provision of goods and services. The Council has set a minimum amount for expenditure on assets to be classed as capital expenditure. This de-minimis amount is £10k. Expenditure on the acquisition, creation or enhancement of non-current assets which cost £10k or more is capitalised on an accruals basis providing that it meets the above definition of a non-current asset. Plant, Property and Equipment would include assets such as machinery; it would not typically include assets held for sale as they would normally be expected to be disposed of within 12 months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day-to-day servicing of assets, including repairs and maintenance, is recognised in the Comprehensive Income and Expenditure Statement as the costs are incurred.

8.2 Measurement

Assets are initially measured at cost, comprising: -

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located in cases where, in order to bring an asset into use, any relocation of the asset is required.

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

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

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

- Infrastructure, community assets and assets under construction are valued at depreciated historical cost;
- Council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Council offices – current value, determined by the amount that would be paid for the asset in its existing use;
- School buildings – would be valued at current value in use but, because of their specialist nature, are measured at depreciated replacement cost;
- Surplus assets – the current value measurement is fair value, estimated at the highest and best use from a market participant's perspective;
- All other operational assets have been measured at current value based on existing use value (EUV). This means that the current value of land and buildings would be that amount which would be exchanged for an asset in its existing use. If there is no market evident for an asset due to its specialist nature or if the type of asset is rarely sold, the Authority estimates the current value using a depreciated replacement cost approach. For example, for property comprising land and buildings, depreciated replacement cost would be the market value for the existing use for the land on which the building sits plus the current gross replacement cost of the building less allowances for physical deterioration, obsolescence, and optimisation;
- Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Where there are conditions on any donated assets, the gain is instead credited to the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement;
- Where a part or component of an asset is replaced, the carrying value of the old part/component is derecognised to avoid double counting. The new component is then added to the carrying amount. If it is not practicable to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of the cost of the replaced part; and
- Where an asset is not held for the purpose of generating cash flows, value in use is assumed to be at least equal to the cost of replacing the asset's service potential.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. 'Short Useful life' typically means seven years or less, although it may be longer for specialist items of plant and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year- end, but as a minimum every five years. In practice, the Council undertakes valuations of its Property, Plant and Equipment assets based on a five-year rolling programme. However, assets with a carrying value over £500k are revalued each year. Increases in asset values are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, revaluation gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- 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); and
- Where 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 (CIES).

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.

8.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have occurred include: -

- Significant decline (i.e., more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, which is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where indicators exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified on revalued assets, they are accounted for by: -

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

- where there is no balance in the Revaluation Reserve, the impairment against the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, to the extent that the original loss was recognised in the CIES, adjusted for depreciation that would have been charged if the loss had not been recognised. Any excess is recognised in the Revaluation Reserve.

Where the impairment is on a non-revalued asset (i.e., an asset with a carrying value based on historical cost), the impairment is recognised in the Comprehensive Income and Expenditure Statement.

8.4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets in order to allocate their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction). However, if any assets whose estimated useful economic lives are expected to be below or higher than the periods indicated below, due to professional opinion or provided by the manufacture or indicated as an industry standard. Depreciation can be charged on the estimated economic useful life outside the below boundaries.

Depreciation is calculated on the following bases: -

- Dwellings and other buildings – straight-line allocation over periods of up to 75 years, as estimated by the Valuer;
- Infrastructure – straight-line allocation over periods of up to 45 years;
- Vehicles, plant, furniture, and equipment – straight-line allocation over 5 to 15 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is not charged in the year an asset is acquired.

Where an item of Property, Plant and Equipment (Non-Current Asset) has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Applying this in practice requires an assessment against the below criteria, to establish if; -

- The economic useful life is significantly different from the other components of the asset i.e., 15 years or more;
- The value of the asset is £2m or greater and the component is over 25% of the total value of the asset; and

- The economic useful life is significantly different but the value represents less than 25% of the total value of the asset; the component will be separately identified if, in the Valuer's judgement, it is deemed to be material, e.g. where the value of a component is, say, £3m (10%) of the depreciating asset that has a total value of £30m.

If the depreciation asset is part of a wider group held for the same purpose, for example, leisure centres, this recommended policy on componentisation will be applied to the total of the wider group and not to each individual depreciating asset within the group.

8.5 Disposals and Nos-Current Assets Held-for-sale

These assets are actively marketed for sale and where the Council expects that sale will go through in the next 12 months. The assets are identified separately as the value in the Balance Sheet will be recovered principally through a sale transaction rather than future continued use. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value of non-current assets held for sale is measured at the highest and best use. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held-for-Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets-Held-for-Sale.

8.6 Disposals of Non-Current Assets

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held-for-Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

8.7 Surplus Assets

The fair value of surplus assets 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. This will be based on the highest and best use estimated using Level 1 inputs.

8.8 Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives to preserve the heritage of the Isle of Anglesey.

The Council owns a number of tangible heritage assets such as historical buildings and works of art.

Operational Heritage Assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are valued and accounted for as operational assets, in the same way as other assets of that general type (e.g., operational buildings).

Heritage Assets are valued on the basis that is most appropriate and relevant in respect of the individual asset or class of assets. Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, Heritage Assets are measured at historical cost (less any accumulated depreciation, amortisation, and impairment losses as appropriate). Where Heritage Assets are measured at valuation, then the carrying amount is measured with sufficient frequency to ensure that the valuations remain current, and at intervals of no greater than five years. Where a cost or valuation cannot be determined for a Heritage Asset without disproportionate cost, the assets will not be recognised in the Balance Sheet. Instead, the asset will be disclosed in the notes to the accounts.

Where a Heritage Asset has a finite life, depreciation is provided for on the same basis as for other classes of asset (for detail see Accounting Policy for Depreciation, 8.4 above).

Depreciation is not provided on Heritage Assets which have indefinite lives and a high residual value. The carrying amount of a Heritage Asset is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage, or new doubts arise as to its authenticity. Any impairment is recognised on the same basis as for other classes of asset (for detail see under Accounting Policy 8.3, Impairment). The Council does not currently actively seek further acquisitions of Heritage Assets but responds to opportunities to enhance its portfolio as they arise. The art collections are housed at Oriel Ynys Môn, with maintenance work being carried out as required. Parts of the collection are on display at any one time, while access to the remainder is available by arrangement. The Heritage Properties are managed and maintained, with due regard for their heritage characteristics, as part of the Council's overall portfolio of land and buildings.

8.9 Treatment of School Assets

Local Authority maintained schools are deemed to be in the control of local authorities. The assets, liabilities, reserves and cash flows of the Authority's maintained schools are, therefore, included in the Council's financial statements.

Land and buildings of voluntary aided and foundation schools are owned and controlled by the trustees of the schools or the foundation body and are, therefore, not shown on the Balance Sheet of the Council.

Capital expenditure on community schools is added to the balances for those schools. Individual schools' balances as of 31 March 2022 are included in the Balance Sheet of the Council as any unspent delegated schools' budgets remain the property of the Council.

For accounting purposes, the status of the assets of voluntary controlled and voluntary aided schools are as follows: -

- Voluntary Controlled Schools: the land has been included on the Balance Sheet but not the buildings;
- Voluntary Aided Schools: neither the land nor the buildings are included in the Balance Sheet; and
- Additionally, neither the land nor the buildings of Caergeiliog Foundation School are included on the Balance Sheet, as these assets vest with the trustees of the school.

9. Investment Properties

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

Investment properties are recognised when it is probable that future planned economic benefits will flow to the Authority and that the cost or fair value of the investment property can be reliably measured. Investment properties are measured initially at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. The Code requires that Investment Properties be valued at their highest and best use regardless of the intentions of the Council. This means that alternative uses have been considered for each investment property and, if there were an alternative use that would maximise fair value, then that is the fair value which is to be used. The properties are not depreciated but are revalued annually in accordance with IFRS 13 according to market conditions at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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 and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

10. Intangible Assets

Intangible assets are non-current, non-financial assets which are separately identifiable, but which do not have physical substance (for example, computer software). These are controlled by the Council as a result of past events. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. The useful economic life of intangible assets is determined by the relevant professional leading on the purchase of/development of the intangible asset. The useful economic life of intangible assets is shorter than tangible assets, for example, between five to seven years. Intangible assets are amortised on a straight-line basis over the useful economic life of the asset.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are, therefore, carried at cost less accumulated amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Intangible assets are evaluated for any impairment annually and whenever there is an indication that an asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses 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 and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

11. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the 'First In, First Out' (FIFO) costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus of Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work-in-progress is included in the Balance Sheet at cost.

12. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

13. Financial Instruments

13.1 Financial Liabilities

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

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

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

13.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets: -

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cash flows.

Financial assets are, therefore, classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

However, the Authority has made a number of loans to employees at less than market rates (soft loans). The Council uses HMRC's rate for beneficial employee loans as a proxy for market value/effective interest rate. Where the difference between the discounted rate and the effective interest rate is more than £100k, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

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

13.3 Expected Credit Loss Model

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

The Council will also extend the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

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

For 2022/23, in respect of Sundry Debtors the following bad debt percentages applied: -
6 months to 1 year: 50%;
1 year to 2 years: 75%;
Over 2 years: 100%.

Higher percentages would apply for certain debtors, taking regard of individual circumstances, e.g., company liquidation, personal bankruptcy.

Debtors which had been deferred i.e., Social Services residential fees that had been deferred pending sale of property (where a charge on the property applied), a provision of 10% applied irrespective of age – although a higher provision would apply in certain circumstances e.g., current state of property or property value or dispute.

IFRS requires earlier recognition of debt (current practice does not provide for debts earlier than six months old, although a provision would be made for known individual debtor circumstances, e.g. bankruptcy, aged less than this) and public sector debts are to be excluded (currently debts for local health board, major and local preceptors (councils)/levying bodies etc. and central/devolved administrations etc. are included). Having regard to IFRS 9, revised impaired loss allowances are required and the following considerations are made to arrive at the revised allowances:

IFRS 9 does not define default of a debt but requires an organisation to provide such a definition consistent with its credit management purposes. The following definition is used for the purposes of impaired loss allowance requirement for Sundry Debt, which is simple enough and is consistent with this Authority's credit management-

A debtor is in default of a debt (for impaired loss allowance purposes in respect of Sundry Debt) if payment has not been received against a debt in the Civica Debtor system (by 31 March each year) where the age of the debt is more than 14 calendar days from the tax point date.

The following allowances are applied for periods up to 6 months: -

- Day 1 to 14 days from invoice being raised – 2%;
- 1 – 30 days past due date i.e., 15 days to 45 days from tax point date – 2.5%;
- 31 – 60 days past due date i.e., 46 days to 75 days from tax point date – 4.5%;
- 61 – 90 days past due date i.e., 76 days to 105 days from tax point date – 7.5%;
- 91 – 168 days past due date i.e., 106 days to 182 days from tax point date – 15%.

The Council would then continue to apply the current percentages for debts older than six months from the tax point date i.e.:

- 183 – 365 days from tax point date – 50%;
- 366 – 730 days from tax point date – 75%;
- 731 days or more from tax point date – 100%.

Deferred charges

These from 183 days from tax point date are to be applied at 10% ONLY and not at the higher rates shown. No provision for deferred debts aged less than six months old. The Council has legal charges secured against individuals' homes, hence the reduced amount for impairment. The annual impairment gain, or loss will be the change in lifetime expected credit losses over the year.

Housing Benefits Overpayments

The Council's impairment loss allowance is 90% of the outstanding debtor for housing benefits overpaid to service users at year-end. The impairment loss allowance is high as recipients of benefits tend to have limited financial resources and the risk of not recovering benefits overpaid is high.

Rents

The impairment loss allowance on rental debtors is based on the amount of debt owed, with higher values impaired on a higher percent as the risk of non-payment increases as the amount of debt escalates. The percentage for loss allowance per banding is then applied to the actual debt outstanding within each band. The banding and percentage of loss allowance applied is as follows: -

Current Tenants

<u>Value of Arrears</u>	<u>Impairment Loss Allowance</u>
£0.01 to £49.99	10%
£50 to £99.99	20%
£100 to £249.99	30%
£250 to £499.99	45%
£500 to £999.99	60%
> £1000	85%

An impairment loss allowance of 90% is applied to all outstanding amounts owed by former tenants as these debts are less likely to be recovered than from existing tenants.

13.4 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 Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Service.

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

Instruments with quoted market price – the market price of other instruments with fixed and determinable payments – discounted cash flow analysis.

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

13.5 The Financial Statements

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

13.6 Available-for-Sale Financial Assets

The Council does not have any available-for-sale financial assets and is unlikely to have any in the short-term as these financial assets are not included in the Treasury Management Strategy Statement 2022/23.

14. Provisions, Contingent Liabilities and Contingent Assets

14.1 Provisions

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

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

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

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

14.2 Contingent Liabilities

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

Material contingent liabilities are not recognised in the Balance Sheet, but disclosed as a note in the accounts should they arise.

14.3 Contingent Assets

A contingent asset arises where an event had taken place that give the Council a possible asset, the existence of which will only be confirmed by the occurrence, or otherwise, of uncertain future events not within the control of the Council.

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

15. Reserves

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions, either statutory or voluntary, which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves where it wishes to earmark available funds for future policy purposes, to cover contingencies or manage cash flow. These are summarised in the Movement in Reserves Statement.

Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserve Statement so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies and notes.

16. Revenue Recognition

Revenue is recognised in the Comprehensive Income and Expenditure Statement for the year in which it is earned rather than when the cash is received. This relates to income from the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the provision of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e., Council Tax) and where previously a liability had been recognised (i.e., creditor) on satisfying the revenue recognition criteria.

Revenue is also recognised on gains which may or may not arise from ordinary activities such as gains on the revaluation of non-current assets, gains on the sale of non-current assets and gains on available-for-sale financial assets. Where the Authority is acting as an agent, only the income the Council is paid for its role of agent will be recognised in the accounts. The amount relating to the third party (the principal) will not be included in the accounts.

Revenue is recognised and measured at the fair value of the consideration receivable. This 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. Rebates and cash settlements, where relevant, will be considered in measuring the fair value of the consideration received.

If payment is on deferred terms, the consideration receivable is discounted to present value in order to achieve a fair value. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on Provision of Services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e., revenue relating to Council Tax and general rates and, therefore, these transactions are measured at their full amount receivable.

17. Internal Interest

The council invests its cash balances in accordance with its Treasury Management and Investment Policies and the interest is accrued and credited to the Comprehensive Income and Expenditure Statement. Interest is credited to trust funds and other third-party funds based on the average rate of interest earned by the Council. Some reserves receive interest by way of an appropriation calculated on the same basis.

18. Leases

Where applicable and material, 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. The Council does not hold any leases of this type and, therefore, the leases that the Council does hold are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. Leases have been reviewed considering the materiality level of both annual rentals and capital values and inclusion in the accounts is based on these levels.

18.1 The Council as Lessee

18.1.1 Finance Leases

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

Lease payments are apportioned between: -

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability; and
- A finance charge - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

18.1.2 Operating Leases

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

18.2 The Council as Lessor

18.2.1 Finance Leases

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

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

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

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

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

19. Charge to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)

Services and support services are charged with the following amounts to record the real cost of holding non-current assets during the year: -

- Depreciation of assets used by the Service;
- Revaluation and impairment losses on assets used by the Service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the Service.

The Council is not required to raise council tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are, therefore, replaced by the Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Welsh Government issued new regulations in 2008/09 requiring local authorities in Wales to make a prudent provision for MRP, including an option to provide an MRP over the life of an asset. The policy also allows MRP to be deferred until the asset is commissioned.

The MRP charge on HRA borrowing has historically been charged at 2% of the HRA's proportion of Capital Financing Requirement (CFR). In 2015, Welsh Government changed the determination to allow the HRA MRP charge to be calculated by more options. It was recommended that the annuity asset life method would result in the highest NPV for both supported and unsupported borrowing, and the most affordable option for the present and future generations is the option where the annuity is based on 60-year asset lives, using the Council's average borrowing rate of 4.58%. Therefore, for both HRA supported and unsupported borrowing the annuity methods as recommended over 60 years at the interest rate of 4.58% should be implemented from 1 April 2022. It would allow a more prudent approach rather than a current one as, instead of the CFR taking 300 years to be reduced to zero, it would only take 60.

Transactions in relation to investment properties are recorded against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

20. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contribution have been met. Grant conditions are the requirements which have to be met in order to qualify for the grant, for example, the building of a school or key outcomes specified within the conditions. Monies advanced as grants and contributions, for which conditions have not been satisfied, are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Some grants' bodies impose restrictions which limit or direct the purposes for which the grant may be used but do not stipulate that the grant is to be repaid.

21. 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 in the Comprehensive Income and Expenditure Statement in the year. 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.

22. Overheads and Support Services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance for the purpose of full-cost accounting for the statutory statistical returns, for example, the annual RA and RO Government returns. However, for budget monitoring and the statutory annual accounts, recharges are excluded, and the corporate and support services are reported as service segments and held accountable for budget management.

23. Foreign Currency

The Council has a diminishing number of European grant aided schemes where the grants may be denominated in Euros. A Euro Bank account was opened to support these schemes. The balance on this bank account at the year-end is converted at the spot exchange rate on 31 March with resulting gains or losses being recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

24. Employee Benefits

24.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. To prevent fluctuations from impacting on Council Tax, the year-on-year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulating Absences Adjustment Account, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council does not award long-term employee benefits, i.e., those which are not expected to be paid or settled within 12 months of the Balance Sheet date.

24.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions (usually in the form of added years), statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

24.3 Post-Employment Benefits

Employees of the Council are entitled to be members of two separate pension schemes: -

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education; and
- The Local Government Pension Scheme, administered by Gwynedd Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees have worked for the Council.

24.4 Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified to the Council. The scheme is, therefore, accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Lifelong Learning Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Agency in the year.

24.5 The Local Government Pension Scheme

All employees (other than teachers) and Councillors, subject to certain qualifying criteria, are able to join the Local Government Pension Scheme. The Scheme is known as the Gwynedd Pension Fund and is administered by Gwynedd Council in accordance with the Local Government Pension Scheme Regulations 2013 on behalf of all participating employers. Under International Accounting Standard (IAS19), the Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Gwynedd Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a real discount rate that is based on the indicative rate of return on UK Government bonds adjusted for an addition to the yield that reflects the extra risk involved in using AA Corporate Bond yields – known as the credit spread.

The assets of Gwynedd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value: -

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unities securities – current bid price; and
- Property – market value.

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

- a) Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- b) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs. Net interest on the net defined benefit liability, i.e., the net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time, is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, to the net defined liability at the beginning of the period (considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments).

- c) Benefit liability (asset) during the period as a result of contributions and benefit payments).
- d) Re-measurement comprising: -
 - The return on plan assets (excluding amounts already included in the net interest on net defined benefit) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- e) Contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

24.6 Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any employee (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

25. Exceptional Items

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

26. Accounting for NDR (Non-Domestic Rates)

As the Council acts as an agent in the collection of NDR income, it does not include the financial position with regard to the ratepayers and only reports the net cash position with Welsh Government in its Balance Sheet. Therefore, if the amount collected from NDR taxpayers by the Authority (net of the cost of collection allowance) exceeds that paid to Welsh Government on 31 March, the amount not yet paid to the Welsh Government is included in the Balance Sheet as a creditor. Similarly, if the cash paid to Welsh Government exceeds the cash collected from NDR taxpayers (net of the cost of collection allowance), the excess is included in the Balance Sheet as a debtor. The Council maintains records of NDR arrears, impairment allowances, prepayments, and overpayments in its underlying accounting records; however, for final accounts purposes, these balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The cost of collection allowance received by the Isle of Anglesey County Council is the billing Council’s income and is included in the Comprehensive Income and Expenditure Statement.

Cash collected from NDR taxpayers is not included in the Cash Flow Statement except for the cash retained in respect of the cost of collection allowance. Any difference between the cash collected from NDR taxpayers and the cash paid into the NDR Pool is included within financing activities in the Cash Flow Statement.

27. Agency Income and Expenditure

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body conducting agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs. Only the amounts relating to the Council, for example the fees earned for providing the agency services, will be included in the Council's Comprehensive Statement of Income and Expenditure.

The Isle of Anglesey County Council has acted as an agent during the year on behalf of: -
Welsh Government - Collecting Non-Domestic Rates (NDR) and paying the sums collected over to Welsh Government, less the amount retained in respect of the cost of collection allowance;

Welsh Government – Empty Homes' Loans, where the Council acts as agent between;

Welsh Government and recipients of Empty Homes' Loans;

Welsh Government – the Council has acted as agent on behalf of Welsh Government in the payment of Covid Business Grants in support of specified businesses during the Pandemic particularly to support businesses during lockdowns.

SUPPLEMENTARY FINANCIAL STATEMENT

HOUSING REVENUE ACCOUNT (HRA)

Income and Expenditure Statement for the year ended 31 March 2024

	2023/24 £'000	2022/23 £'000
Expenditure		
Management and Maintenance - Repairs and Maintenance	5,562	5,084
Management and Maintenance - Supervision and Management	5,783	6,714
Rents, Rates, Taxes and Other Charges	90	22
Depreciation, Impairment and Revaluation Losses of Non-current Assets	3,237	3,070
Debt Management Costs	12	12
Movement in the Impairment Allowance for Bad Debts	147	123
Movement in the Accumulated Absences Accrual	117	4
Total Expenditure	14,948	15,029
Income		
Dwelling Rents	(20,702)	(19,230)
Non-dwelling Rents	(246)	(230)
Charges for Services and Facilities	(175)	(179)
Contributions towards Expenditure	(240)	(166)
Other	(116)	(116)
Total Income	(21,479)	(19,921)
Net Expenditure of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement	(6,531)	(4,892)
HRA Services' Share of Corporate and Democratic Core	56	56
Net Expenditure of HRA Services	(6,475)	(4,836)
HRA Share of the Operating Income and Expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
Pension net interest cost	-	204
Interest Payable and Similar Charges	1,436	1,543
Interest and Investment Income	(487)	(241)
Capital Grants and Contributions receivable:		
- Major Repairs Allowance	(2,690)	(2,688)
- Capital receipts	(509)	
- Other	(4,316)	(1,094)
Surplus for the Year on HRA Services	(13,041)	(7,112)

Statement of Movements on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movements on HRA Balance for the year

	2022/23 £'000	2022/23 £'000
Balance on the HRA at the end of the Previous Reporting Period	(12,107)	(12,333)
(Surplus)/Deficit for the Year on HRA Services	(13,041)	(7,112)
Adjustments between Accounting and Funding Bases under Statute	17,114	7,338
Net (increase)/decrease before Transfers to/from Reserves	4,073	226
Transfers to/(from) Earmarked Reserves	(155)	-
Net (Increase)/Decrease in Year on the HRA	3,918	226
Adjustment to Reserve		
Balance on the HRA at the end of the Current Reporting Period	(8,189)	(12,107)

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

NOTE 1 – HOUSING REVENUE ACCOUNT

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local Council housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g., from the Council Fund) are limited to special circumstances.

NOTE 2 – HOUSING STOCK

The number of dwellings reported at 31 March 2023 was 3953, which included properties purchased by the Council, but not in available for renting as part of the housing stock. The correct number of dwellings was 3916 and the breakdown is shown below in restated figures for the previous year. As at 31 March 2024, the number of dwellings was 3952, which is an increase of 36 properties from the year 2022/23. The breakdown by type of dwelling is as follows:

	31 March 2024	31 March 2023 (restated)
Council Owned Stock		
Houses	2,112	2,090
Bungalows	1,066	1,064
Flats	766	754
Bedsits	8	8
Total Council Owned	3,952	3,916

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2023/24 £'000	2022/23 £'000
Capital investment		
Capital Expenditure	19,806	11,180
Sources of funding		
Government grants and other contributions	(7,161)	(3,782)
Direct Revenue Financing	(12,645)	(7,398)
Total	(19,806)	(11,180)

The Major Repairs Allowance for 2023/24 of £2,690k was used in full during the year (£2,688k in 2022/23).

NOTE 4 – DEPRECIATION, IMPAIRMENT AND REVALUATION LOSSES OF PROPERTY, PLANT AND EQUIPMENT

	2023/24 Revaluation £'000	2023/24 Depreciation £'000	2023/24 Total £'000	2022/23 Impairment (restated) £'000	2022/23 Depreciation £'000	2022/23 Total £'000
Land	-	-	-	-	-	-
Dwellings	-	2,679	2,679	-	2,658	2,658
Other Property - Operational Assets	154	404	558	-	412	412
	154	3,083	3,237	-	3,070	3,070

NOTE 5 – CAPITAL RECEIPTS

Four dwellings were sold in 2023/24 with £509k capital receipts received into capital receipts reserve. There were no capital receipts in 2022/23.

NOTE 6 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

During 2023/24, total rent arrears decreased by £14k. A summary of rent arrears and prepayments is shown in the following table: -

Rent Arrears	2023/24 £'000	2022/23 £'000
Current Tenant Arrears	718	664
Former Tenant Arrears	222	290
Total Rent Arrears	940	954

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £685k against rents (£637k in 2022/23).

NOTE 7 – PENSION COSTS

As part of the terms and conditions of employment of its officers, 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 that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year: -

HRA Income and Expenditure Account	2023/24	2022/23
	£'000	£'000
Current Service Cost	(14)	701
Pension net interest cost	-	204
Current service cost included in movement in reserves statement	14	(701)
Pension net interest cost included in movement in reserves statement	-	(204)
Contribution to Pension Reserve	-	-

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Anglesey Access Group	Liz Wood
Anglesey Agricultural Show	Dafydd Roberts
Anglesey and Gwynedd Community Safety Partnership	Alun Roberts
Anglesey Citizen's Advice Bureau (CAB)	Alun Roberts
Anglesey Language Forum	Llinos Medi, Gwilym O Jones, Arfon Wyn, Dafydd Roberts
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Paul Ellis, John Ifan Jones, Pip O'Neill, Gary Pritchard, Dafydd Rhys Thomas
Betsi Cadwaladr Stakeholder Reference Group	Alun Roberts
Champion for Adults Safeguarding	Alun Roberts
Champion for Carers	Trefor Lloyd Hughes MBE
Champion for Children and Young People	Llio Angharad Owen
Champion for Children in Care	Arfon Wyn
Champion for Climate Change	Geraint ap Ifan Bebb
Champion for Diversity	Nicola Roberts
Champion for Equality	Llinos Medi
Champion for Members	Dylan Rees
Champion for Scrutiny	Dylan Rees
Champion for the Armed Forces	Glyn Haynes
Court of Governors, Bangor University	Dafydd Roberts
Cwmni Frân Wen	Gary Pritchard
Cyngor Llyfrau Cymru	Dafydd Roberts
Destination Anglesey Partnership (DAP)	Neville Evans
Fostering Panel	Gary Pritchard
Friendly Age Champion	Gwilym O Jones
Grŵp Llandrillo/Menai	Dafydd Roberts
GwE Joint Committee	Dafydd Roberts
Gwynedd & Anglesey Adoption Panel	Alun Roberts
Gwynedd & Anglesey Youth Justices Service	Gary Pritchard
Gwynedd Pensions Fund Committee (Gwynedd Council)	Robin Wyn Williams
Liaison Council for Wales	Carwyn Jones, Robin Wyn Williams
Medrwn Môn	Llinos Medi
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Dafydd Rhys Thomas
Menter Môn	Llinos Medi
North and Mid Wales Trunk Road Joint Committee	Dafydd Rhys Thomas
North Wales Community Health Council (Anglesey Local Committee)	Trefor Lloyd Hughes MBE, Non Dafydd, Jeff M Evans
North Wales Economic Ambition Board	Llinos Medi
North Wales Fire and Rescue Authority	Jeff M Evans, John Ifan Jones, Dylan Rees
North Wales Fire and Rescue Authority Audit Committee	Jeff M Evans
North Wales Fire and Rescue Authority Executive Panel	John Ifan Jones, Dylan Rees
North Wales Housing Association	Gary Pritchard
North Wales Police and Crime Panel	Non Dafydd
North Wales Regional Leadership Board (Care & Wellbeing)	Llinos Medi
North Wales Regional Waste Plan Review Steering Group	Dafydd Rhys Thomas

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
North Wales Residual Waste Treatment Joint Committee	Nicola Roberts, Dafydd Rhys Thomas
North Wales Tourism Partnership	Neville Evans
Owen Lloyd Penrhoslligwy Educational Trust	Margaret Murley Roberts
Public Service Board (Anglesey & Gwynedd)	Llinos Medi
Regional Partnership Board (Part 9 Social Services & Wellbeing Act Wales 2014)	Gary Pritchard, Alun Roberts
Safer North Wales Partnership Board	Alun Roberts
Sustainable Development Fund Partnership	Llinos Medi
The Harbour Trust, Caernarfon	Dafydd Rhys Thomas
Voluntary Sector Liaison Committee	Jeff M Evans, Gwilym O Jones, Jackie Lewis, Keith Roberts, Arfon Wyn
Welsh Local Government Association	Llinos Medi, Robin Wyn Williams
Wylfa Site Stakeholder Group	Aled Morris Jones, Gwilym O Jones, Jackie Lewis, Llinos Medi, Llio Angharad Owen, Derek Owen, Liz Wood

GLOSSARY

12-MONTH EXPECTED CREDIT LOSSES

This is the portion of lifetime expected credit losses that represent the expected credit losses that result from default on a financial instrument which are possible within the 12 months after the reporting date.

ACCOUNTING PERIOD

This is the period of time covered by the accounts, normally a period of 12 months, commencing on 1 April. The end of the accounting period is the Balance Sheet date, usually 31 March of the following year.

ACCRUALS

Sums included in the final accounts to recognise goods/services received in the year or income and expenditure earned or incurred in the financial year but for which actual payment had not been received or made as of 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: -

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

AGENCY SERVICES

These are the services provided by the Council to a third party on behalf of another organisation.

APPROPRIATIONS

These are the amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

ASSET

An asset is an item having value to the Council in monetary terms. Assets are categorised as either current or non-current: -

- A current asset will be used or be of minimal value within the next financial year (e.g., cash and inventories);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g., a community centre), or intangible, (e.g. computer software licences).

AUDIT OF ACCOUNTS

This is an independent examination of the Council's financial affairs.

BALANCE SHEET

The Balance Sheet is a statement of the true and fair value of the recorded assets, liabilities, and other balances at the end of the financial year.

BUDGET

The Budget is a statement of how much the Council has allocated to each service and function to spend or raise in income for the financial year.

CAPITAL EXPENDITURE

Capital expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

CAPITAL FINANCING

Funds that are available to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL FINANCING COSTS

Capital Financing costs are any additional costs arising from borrowing to fund capital projects. These tend to be interest payable on loans taken out and the Marginal Revenue Provision (MRP) charge on projects financed by borrowing. The MRP is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

CASH AND CASH EQUIVALENTS

This is cash-in-hand, cash overdrawn, cash held in bank accounts and short-term (for example three months) investments which are readily converted into known amounts of cash.

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents of the Council during the financial year.

CIPFA

This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

COMMUNITY ASSETS

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This is one of the main financial statements of the Council which records all the income and expenditure for the Council categorised on the basis of standard CIPFA requirements to enable comparisons to be made between authorities.

CONSISTENCY

This represents the concept that the accounting treatment of like items, within a financial year and from one year to the next, is the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either: -

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

Isle of Anglesey County Council – Statement of Accounts 2022/23

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is, thus, over and above those which would be incurred by a series of independent single-purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

CREDIT LOSS

This is the difference between the cash amounts due to the Authority in accordance with the contract and all cash flows that the Authority expects to receive, discounted at the original effective interest rate.

CREDITOR

The amount owed to individuals or other organisations by the Council for work done, goods received or services provided within the financial year but for which payment has not been made by the end of that financial year.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current year.

DEBTOR

The amount owed to the Council from individuals or other organisations for works done, goods received or services provided within the financial year, but for which payment has not been received by the end of that financial year.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

These represent the retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

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

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXPENDITURE AND FUNDING ANALYSIS

This statement aims to show how annual expenditure is used and funded from resources. The first column, the net expenditure chargeable to the General Fund and HRA balances, shows the true impact of the cost of providing services for the year, excluding accounting adjustments.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A Finance Lease is one that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN

100

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will
Isle of Anglesey County Council – Statement of Accounts 2022/23

continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

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

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

Impairment is a reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet. This is usually due to an event which has substantially reduced the value of the asset, for example, a fire or if an asset has become obsolete.

INFRASTRUCTURE ASSETS

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

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

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the share of the pension scheme assets associated with their underlying obligations.

INTEREST RECEIVABLE OR PAYABLE

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and work-in-progress.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next financial year,

e.g. creditors or cash overdrawn.

- A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either: -

- Readily convertible to known amounts of cash at, or close to, the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which, together, constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one financial year.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and, ultimately, mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end of the year for all the usable reserves held by the Council which can be used to fund Council costs or reduce local taxation, and unusable reserves.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Net Debt is the Council's borrowings less cash and liquid resources.

NET WORTH

The Net Worth is the Council's value of total assets less total liabilities.

NON-DISTRIBUTED COSTS

These are overheads for which there are no direct user benefits and, as such, are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

An Operating lease is where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior financial years arising in the current financial year as a result of the introduction

of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

A Prior Year Adjustment is a material adjustment applicable to previous years arising from changes in accounting policy or from the correction of a fundamental error. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain, or very likely, to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOANS BOARD (PWLB)

A Central Government Agency which provides loans for one year and/or more to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Council's purposes, related parties are deemed to include Central Government, Local Authorities, and other bodies, either precepting or levying demands on the Council. Related Parties can also include subsidiary and associated companies, joint venture, and joint venture parties and particularly Members and chief officers of the Council.

When considering who is a related party, regard is also taken of transactions involving members of the close family or household of any individual listed.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Reserves are the accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

RESIDUAL VALUE

The residual value of an asset is the net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

Revenue Expenditure represents the day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which can be properly deferred (i.e., treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

SUPPORTED Council borrows money to fund part of its capital programme. This borrowing is recognised by Central GBORROWING

The overnment in its calculation of formula funding for the Council.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

UNSUPPORTED BORROWING

The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

UNUSABLE RESERVES

Unusable Reserves are those reserves used to absorb the differences between the outcome of applying proper accounting practices and the requirement of statutory arrangements for funding expenditure. Such reserves include the unrealised gains and losses in relation to revaluations of property, plant, and equipment where the value only becomes available if the asset is sold.

USABLE RESERVES

Specific amounts set aside for future policy purposes or to cover contingencies. They can be used to fund expenditure or reduce taxation.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a non-current asset.

WORK-IN-PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	18 July 2024
Subject:	Annual Governance Statement (AGS)
Head of Service:	Carys Edwards Head of Profession HR and Transformation 01248 752502 CarysEdwards@anglesey.gov.wales
Report Author:	Gwyndaf Parry Corporate Planning, Performance and Programme Manager GwyndafParry@anglesey.gov.wales Alwyn Williams Corporate Business and Performance Analyst AlwynWilliams@anglesey.gov.wales
Nature and Reason for Reporting: The purpose of the Annual Governance Statement (AGS) is to provide assurance regarding the Council's governance arrangements. The Governance and Audit Committee has the responsibility of approving the Council's AGS each year.	

Introduction

1. To demonstrate good governance, the Council must show that it is complying with the core (and supporting) principles contained within the Framework for Delivering Good Governance in Local Government (CIPFA / Solace, 2016). This statement has been prepared in accordance with those principles.
2. The Isle of Anglesey County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
3. The Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

Recommendation

4. That the Governance and Audit Committee reviews and approves the Draft Annual Governance Statement that will form part of the 2023/24 Statement of Accounts



Annual Governance Statement 2023/24

Prepared by: Transformation Service

Publication date: July 2024

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh

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Scope of Responsibility

The Isle of Anglesey County Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards, and that it safeguards and properly accounts for public money, and how public money is used.

The Council also has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk together with adequate and effective financial management.

The Council approved and adopted a revised [local code of corporate governance](#) in March 2022, which is consistent with the seven core principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

This statement explains how the Council has complied with the code and meets the requirements of non-statutory proper practice encouraging the publication of an Annual Governance Statement. It also meets the requirement of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a statement on internal control.

The Governance Framework

The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled. It also guides the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness.

There have been no changes to the [committee structures](#) or the [Leadership Team and Corporate Management Teams](#) over the past year.

Review of Effectiveness

The Isle of Anglesey County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework has been evaluated by a combination of:

- the results of the regular in-year review and monitoring by officers and committees;
- a review of relevant documents prepared during the year or relating to the year;
- the review of progress against the Council Plan;
- reviews of feedback from Estyn and Care Inspectorate Wales (CIW) and the related scrutiny panels on the improvement work in relation to Education and Social Services;
- discussions with, and receiving comments from, groups of officers and members including the Leadership Team and the Executive.

In addition, regular in-year review and monitoring includes:

- formal risk management activity, including specific consideration of those risks linked to governance processes;
- internal audit, whose work includes auditing the highest risks identified in the Strategic Risk Register, including risk management, in accordance with the annual internal audit strategy, and which includes 'follow-up' work to ensure that senior officers address agreed 'Issues / Risks';
- the work of the Council's Scrutiny and Governance and Audit and Standards committees and other Committees, including;
- the opinions and recommendations of the Council's external auditors and other review agencies and inspectorates;
- the regular monitoring of improvement and performance against the Council Plan and its supporting plans and strategies by members and senior managers.

Annual Review of the Effectiveness of the Council’s Governance Framework

Conclusion of Assessment

The following table provides the conclusion of the assessment for 2023/24:

Core Principles of the Framework	Conclusion of the assessment
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Council has clear, transparent decision-making processes which incorporate strong ethical values and are lawful. The codes of conduct set out expectations for behaving with integrity.
Principle B: Ensuring openness and comprehensive stakeholder engagement	The Council exists to serve its residents and is dependent on a wide variety of stakeholders for working effectively in partnership. Engagement and consultation mechanisms are in place.
Principle C: Defining outcomes in terms of sustainable economic, social, cultural and environmental benefits	The Council works with communities to plan outcomes. In setting policies and strategies, the Council take a long-term view about outcomes, taking into account sustainable economic, social, cultural and environmental benefits.
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	The Council takes decisions on interventions based on its clear vision for services, engaging with communities, regulators and practical expertise of professional service officers. This combination leads to optimising the achievement of intended outcomes.
Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it	The Council has the appropriate structures and leadership in place and people with the right skillsets and qualifications to ensure it is operating efficiently and effectively to achieve its intended outcomes. There are clear policies and strategies in place to demonstrate that it has the capacity to fulfil its mandate and that management has the operational capacity.
Principle F: Managing risks and performance through robust internal control and strong public financial management	The Council has an effective performance management system that facilitates effective and efficient delivery of services. Risk management and internal control are integral important parts of the performance management system and they have been developed further during the year. They are crucial to achieving the outcomes of the new Council Plan. The Council demonstrates compliance with the CIPFA Financial Management Code .
Principle G: Implementing good practices in transparency, reporting, and audit to deliver	The Council's elected members and senior management are accountable for making decisions and delivering services which are supported by both internal and external audits. The activities undertaken are in a transparent and clear manner in which stakeholders are able to understand and respond. No significant governance issues were found during the year.

Statutory Officers' Statements

Head of Paid Service



Dylan Williams
Chief Executive

“As the Chief Executive of the Isle of Anglesey County Council, I take pride in ensuring that effective governance arrangements are in place to uphold transparency, accountability, and the highest standards of public service. My role is to provide strategic leadership and guidance to the organisation, working closely with the elected members, officers and partners.

I am satisfied that the governance arrangements are robust and comprehensive, as they have been developed and refined over time to meet the evolving needs of the organisation, community and stakeholders. Through regular engagement with various internal and external stakeholders, we have fostered a culture of open information sharing, communication and collaboration, which strengthens our governance practices.

We actively monitor and take appropriate steps to address any issues that arise, ensuring that our governance arrangements remain effective and responsive to the evolving landscape.

I am confident that our governance framework promotes sound decision-making, ethical conduct, and the efficient delivery of services, enabling us to fulfil our responsibilities to the residents of Anglesey.”

Section 151 Officer



Marc Jones
Director of Function
(Resources)

“As the Section 151 Officer of the Isle of Anglesey County Council, I hold a crucial responsibility for overseeing the financial management and ensuring the proper use of public funds.

I am satisfied that the governance arrangements in place provide a robust framework for financial stewardship and accountability. Through diligent financial planning, budgetary control, and effective risk management, we strive to ensure the financial sustainability of the council.

Our arrangements are underpinned by strong financial policies, procedures, and internal controls, which are regularly reviewed and updated to align with best practices and statutory requirements.

Regular financial reporting and scrutiny by both internal and external auditors provide independent assurance, and any identified areas for improvement are promptly addressed.

I am confident that our governance arrangements support prudent financial management, safeguarding the Council's resources, and enabling us to deliver quality services to the community.”

Monitoring Officer



Lynn Ball
Director of Function
(Council Business)

"As Monitoring Officer one of my key roles is to work closely with elected members and officers to promote good governance and good decision-making across the Council.

The Council has a robust governance framework in place and we aim to ensure that our working culture reflects the requirements of that framework and promotes the accountability, transparency and integrity of our decision-making.

Nurturing and promoting high standards of ethical behaviour among elected members and officers is crucial for the Council to discharge its good governance responsibilities."

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Governance matters identified

Progress on Identified Governance Matters as noted last year

The table outlines the governance matters identified last year and an update on progress can be found below:

Actions identified to address weaknesses	Lead Officer / Service / Board	Update on progress
1. The Council needs to review and revise the Corporate Scorecard provision following the adoption of the new Council Plan 2023-2028	Transformation	There has been a review of the Corporate Scorecard indicators during the year. A new scorecard, which links indicators to the six council plan objectives, has been drafted and agreed with the Executive. The first quarterly report will be discussed by the Corporate Scrutiny Committee and the Executive in September 2024.
2. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	Monitoring Officer	<p>The Petitions Scheme was adopted by the Council in September 2023.</p> <p>During 2023, the Council reviewed the approach to self-assessment and made a number of adjustments to further strengthen the process. The template was amended to focus on seven key areas, in line with applying the Wellbeing of Future Generations Act.</p> <p>The Participation Strategy was adopted by Council in October 2023.</p> <p>The Council did not undertake the planned training on the General Power of Competence as the training was no longer to be offered by the WLGA owing to the emergence of other priorities. Currently there are no plans to undertake this training.</p>
3. The Council's risk management framework requires an update	Resources	The Council has adopted a revised risk management framework and updated the risk management system, 4Risk, to meet the requirements of the framework.
4. The new Council needs to identify its capital spending in line with the new Council Plan	Chief Executive	The new Capital Strategy 2024-2029 was adopted by the Isle of Anglesey Council in March 2024.
5. Complete the assurance mapping exercise for the Council	Transformation / Resources	The assurance mapping exercise is underway following an update to the risk management system, 4Risk. Further work is required during 2024/25 to embed the process.

Identified Governance Matters 2023/24

No significant governance matters were identified for the year ending 31st March 2024. However, the assessment process did identify the following Governance Matters.

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
1. Matters related to the Local Government and Elections (Wales) Act 2021 are implemented accordingly	<ul style="list-style-type: none"> Prepare for the Council's first Panel Performance Assessment (PPA) that will take place in second half of 2025 Work with WLGA to scope out the role of the PPA 	Transformation / Council Business	<ul style="list-style-type: none"> Failure to comply could lead to further scrutiny from the Welsh Government and a loss of reputation Unable to continually improve the Council's performance Will not effectively capture the necessary insights to improve service delivery May lead to making uninformed decisions or exceeding legal authority Legal and reputational risks and compromised governance practices within the council 	March 2026
2. The Council does not map all sources of assurance	<ul style="list-style-type: none"> Complete the assurance mapping exercise for the Council 	Transformation / Resources	<ul style="list-style-type: none"> Possible governance issues which were not identified Unable to continually improve the Council's performance Possible service failure Insufficient or duplication of assurance provision 	March 2025
3. The Council must ensure that it meets the requirements of the new Procurement Act 2023	<ul style="list-style-type: none"> Implement agreed actions from the Procurement Improvement Plan Publish a Procurement Strategic Plan 	Resources	<ul style="list-style-type: none"> Failure to comply could lead to fines and penalties, legal action and regulatory scrutiny Reputational damage Possible service failure 	March 2026

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
<p>4. The Council needs to respond to identified workforce planning challenges including its age profile in some services and recruitment and retention problems in others</p>	<ul style="list-style-type: none"> • Review, revise and implement a recruitment drive for the Provider Unit • Implement the people risk management strategy • Modernise the recruitment website and • Increase the retention of staff in areas that see higher turnover and specifically in roles that are specialists and cannot easily be recruited 	<p>Transformation</p>	<ul style="list-style-type: none"> • Possible service failure • Potential for talent shortages, skills gaps and high turnover of staff • Potential increase in costs • Reputational damage 	<p>March 2025</p>
<p>5. The Council needs to manage and rationalise assets to ensure that they are needed, are fit for purpose and if not identify the work required to bring them up to standards.</p>	<ul style="list-style-type: none"> • Publish and implement a new Asset Management Strategic Plan 2024- 2029 • Review and publish a new small holding asset management strategy • Undertake rationalisation of council assets • Responding to and managing RAAC within council assets 	<p>Highways, Waste & Property</p>	<ul style="list-style-type: none"> • Increase in associated maintenance costs • Potential serious health and safety breaches if deterioration in assets • Potential service failure • Missed opportunities for enhancing services or generating revenue 	<p>March 2025</p>

Governance matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	What will happen if these are not achieved?	By When
6. The financial resilience of the Council is under pressure due to the cost of living crisis and a decrease in funding	<ul style="list-style-type: none"> • Maximise the grants available to the Council • Monitor and review the Medium Term Financial Plan (MTFP) • Identify savings for 2025/26 onwards • Review and streamline processes to improve efficiency and effectiveness of services and reduce the impact of reduced funding 	Resources	<ul style="list-style-type: none"> • Reduction of services available to residents • Risk of serious financial issues • Negative impact on local economy and an increased vulnerable population • Reputational damage • Risk of intervention by the Welsh Government 	March 2025
7. The Council needs to continue modernising its digital and data infrastructure	<ul style="list-style-type: none"> • Digital strategic plan • Complete a data maturity assessment to review our data infrastructure, skills and capacity • Implement a new telephony system 	Transformation	<ul style="list-style-type: none"> • Ineffective and inefficient services using outdated technology for service delivery • Potential cybersecurity risks • Increase in costs to maintain older legacy systems • Reputational damage 	March 2025

Certifying the Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in the document.

We propose to take appropriate steps to address these and the other weaknesses identified in the Annual Governance Statement and to further enhance our governance and assurance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements through the Governance and Audit Committee and as part of our next annual review.

On behalf of the Isle of Anglesey County Council

**XXXXXX
Leader, Anglesey County Council
XX XXXX 2024**

**Dylan Williams
Chief Executive, Anglesey County Council
XX XXXX 2024**

Appendix 1

CIPFA Financial Management Code (2019)

CIPFA's Financial Management Code (2019) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is not prescriptive and is based on six principles supported by specific standards considered necessary to ensure continued financial resilience within the Local Authority setting. The six principles of effective financial management underpinning the Code are as follows:

- Leadership
- Accountability
- Transparency
- Professional Standards
- Assurance
- Sustainability

The six principles are translated into seventeen Financial Management (FM) standards (denoted from A-Q), grouped into seven sections. All local authorities were required to demonstrate full compliance with the Code by 31 March 2022.

Following an internal audit of compliance with the Code in April 2020, a further audit of Financial Resilience was undertaken in November 2022 to seek to answer the following question: Does the Council have adequate arrangements in place to manage the implications of real term funding reductions to ensure that it continues to achieve its priorities and delivers quality services?

The report states:

“Overall, our review concludes that within the scope of its control, the Council has a framework of effective controls in place to manage the implications of real term funding reductions. Despite this, it is clear that the Council faces difficult decisions over the next two years due to the current challenging and unpredictable economic climate.”

The review identified one issue/risk which required management attention to strengthen arrangements in this area and an action plan was agreed with management.

Significant Governance Issues

The Council's Internal Audit report for 2023/24 came to the following conclusion –

“For the 12 months ended 31 March 2024, the Isle of Anglesey County Council’s Head of Audit and Risk’s opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives, and these are the subject of monitoring.

There are no qualifications to this opinion.”

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	18 July 2024
Subject	Draft Self-assessment report 2023/24
Head of Service	Carys Edwards Head of Profession HR and Transformation CarysEdwards@anglesey.gov.wales
Report Author	Gwyndaf Parry Corporate Planning, Performance and Programme Manager GwyndafParry@anglesey.gov.wales
Nature and Reason for Reporting	
<p>The Local Government and Elections (Wales) Act 2021 requires the Council to make a draft of its self-assessment report available to its Governance and Audit Committee. The Committee must review the draft report and may make recommendations for changes to the conclusions or action the Council intends to take. If the Council does not make a change recommended by the Governance and Audit Committee, it must set out in the final self-assessment report the recommendation and the reasons why the Council did not make the change.</p> <p>The Governance and Audit Committee’s Terms of Reference also require it to receive and comment upon the Council’s draft annual self-assessment report (3.4.8.15.1/2/3/4). The Committee is required to review the report and, if applicable, make recommendations for changes to the conclusions or actions the Council, is or will be taking to meet its performance objectives. This report asks that the Committee is assured that the draft self-assessment provides an accurate reflection of how the Council is performing towards achieving its strategic objectives as set out in the Council Plan 2023 to 2028.</p>	

1.0 INTRODUCTION

- 1.1 This report reflects the Isle of Anglesey County Council’s third self-assessment as expected under the Local Government and Elections (Wales) Act 2021.
- 1.2 The Local Government and Elections (Wales) Act 2021 requires each council to keep under review the extent to which it is fulfilling the ‘performance requirements’, that is the extent to which it is:
 - exercising its functions effectively;
 - using its resources economically, efficiently and effectively;
 - has effective governance in place for securing the above.

2.0 RECOMMENDATION

2.1 That the Governance and Audit Committee:

- reviews the draft self-assessment report and, if applicable, makes recommendations for changes to the conclusions or action the Council intends to take to meet its performance requirements;
- if the Committee concludes that no changes are needed, the report should be endorsed and recommended to the Executive to this effect.



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Self Assessment – 2023/24

The County Council's annual self-assessment as expected under Local Government and Elections Act (Wales) 2021

Page 145

Prepared by – Transformation Service

Publication date: July 2024

Mae'r ddogfen hon ar gael yn y Gymraeg / This document is available in Welsh

Introduction

This report reflects the Isle of Anglesey County Council's third self-assessment as expected under the Local Government and Elections (Wales) Act 2021.

It reflects the output of the corporate planning and performance management framework and provides an evidential basis of:

- how the Council has performed
- using its available resources whilst
- managing and mitigating associated risks

during a challenging and changing time for local government.

The new national performance and governance framework aims to support a cultural and organisational change within local government. The aim is to build on existing strengths and create a more innovative, open, honest, transparent and ambitious sector, which challenges and assesses itself and collectively drives up service delivery outcomes and standards across Wales. The Isle of Anglesey County Council recognises and adheres to such expectations and the following report is drafted as such.

The Local Government and Elections Act requires each council to keep under review the extent to which it is fulfilling the 'performance requirements', that is the extent to which it is:

- exercising its functions effectively;
- using its resources economically, efficiently and effectively;
- has effective governance in place for securing the above.

Council Plan 2023-2028 - Strategic Objectives

The Council Plan is the key document serving as a focal point for decision-making at all levels; providing a framework to plan and drive forward priorities; shape annual spending; monitor performance and progress.

At its core is our desire to work with Anglesey residents, communities and partners to ensure the best possible services, improve the quality of life for all and create opportunities for future generations.

Its six main objectives reflect the key areas the Council should be focusing its efforts on.

The Council Plan's vision is to:

'Create an Anglesey that is healthy and prosperous where people can thrive.'




The Welsh Language

Increase the opportunities to learn and use the language.



Social Care and Wellbeing

Providing the right support at the right time.



Education

Ensuring an effective provision for today and for future generations.



Housing

Ensuring that everyone has the right to call somewhere home.



Economy

Promoting opportunities to develop the Island's economy.



Climate Change

Responding to the crisis, tackling change and working towards becoming net zero organization by 2030.

Council Plan 2023–2028 – Values

The Council Plan 2023-28 is underpinned by the organisation’s core values, which are used to develop and guide the vision, strategic plans and services.



Respect

We are respectful and considerate towards others regardless of our differences .



Collaborate

We work as a team, with our communities and partners to deliver the best outcomes for the people of Anglesey.



Honesty

We are committed to high standards of conduct and integrity.

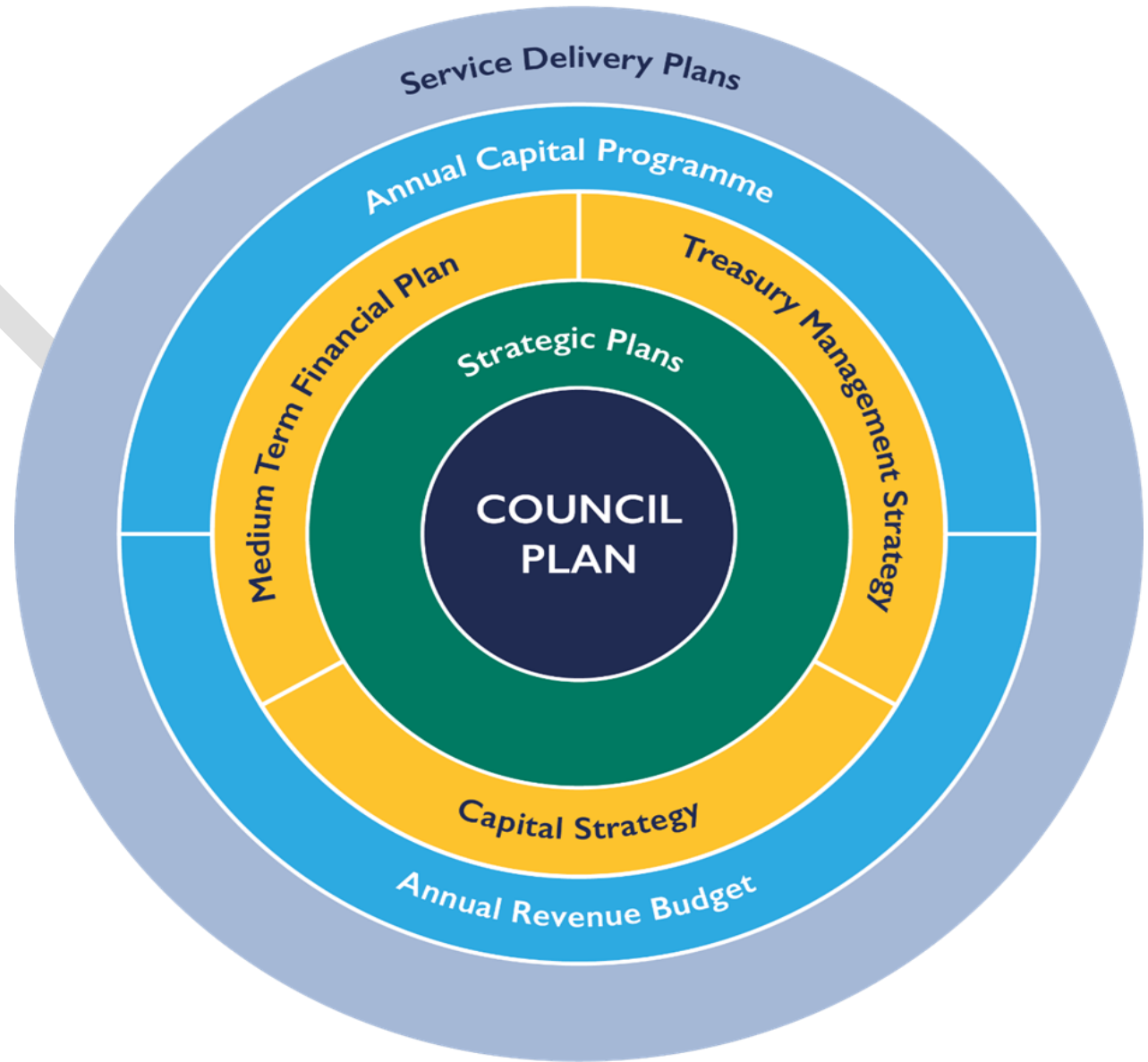


Champion the Council and the island

We create a sense of pride in working for the Council and present a positive image for the Council and the Island.

Strategic Circle

The strategic circle identifies the plans in place to ensure we are able to achieve our priorities and objectives.

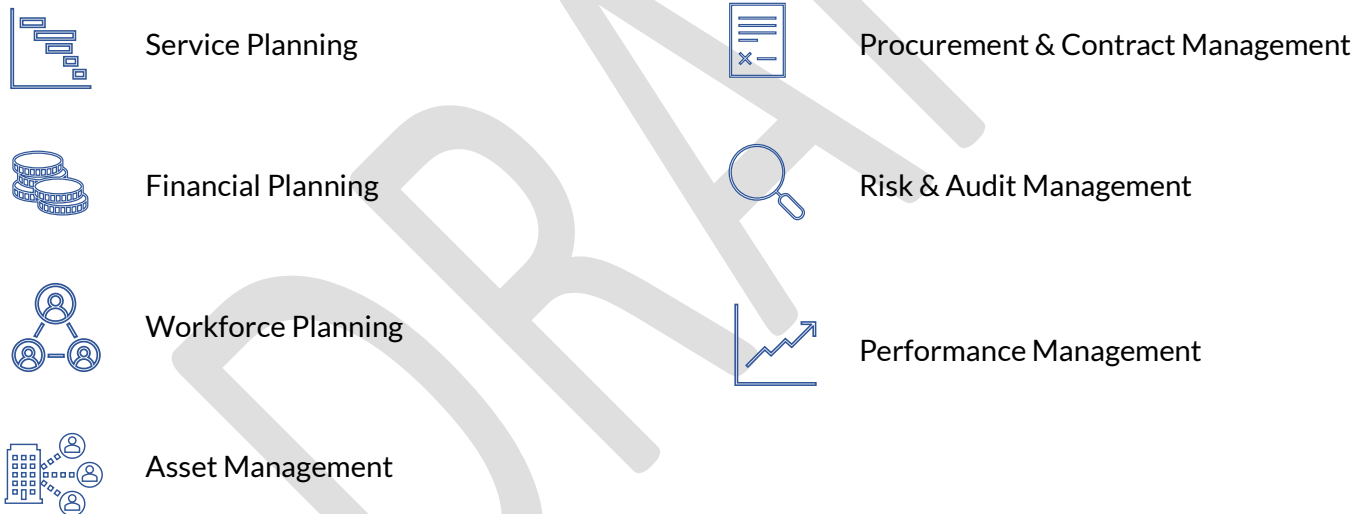


Our method of Self-Assessment

As part of the Local Government and Election (Wales) Act 2021 monitoring the performance of all local authorities based on a self-assessment was set out.

The council undertake a comprehensive review of the self-assessment process on an annual basis including identifying lessons learnt during the previous year as well as utilising feedback from the Corporate Scrutiny Committee, lead officers and elected members.

During 2023 we reviewed our approach to self-assessment and made a number of adjustments to further strengthen the process. We worked collaboratively with Services across the council to adjust the template to focus on seven key areas, in line with applying the Wellbeing of Future Generations Act. These seven areas are:



We also allowed more time for Services to start the evidence gathering stage. We hope this strengthened the process based on our experiences from previous years. We will continue to review our self-assessment processes every year and implement changes that we're not implemented during 2023/24 such as seeking an independent opinion to ensure that the process and scoring provides a fair reflection.

Self-evaluation is an integral part of any organisation's improvement process, and its primary purpose is for self-assurance; however, it is recognised within the Isle of Anglesey County Council that if self-evaluation is done well, it can also provide assurances to external audiences, including partners, regulators and indeed residents.

Each Service (of which Anglesey County Council has 9) was asked to complete a self-evaluation - scoring their performance on identified areas deemed important as to measure the general performance of services. They were asked to evaluate their performance against one of the 5 criteria listed below and were thereafter challenged as to their findings by a group of officers and elected members known as the Service Review process:

Performance Rating	Description
Outstanding	Performance that consistently surpasses expectations and demonstrates exceptional achievement.
Exceeds Expectations	Performance that delivers superior results beyond what was expected.
Meets Expectations	Performance that meets established standards and fulfils obligations.
Needs Minor Improvement	Performance that falls below expected standards and requires corrective action by the Service.
Needs Major Improvement	Performance that consistently falls short of expected standards, necessitating the need for immediate corrective measures by the Service and Leadership Team.

Individual Services who have scored themselves as 'Adequate' or 'Unsatisfactory' have identified areas for improvement to help improve performance into the future. These areas for improvement have been included in this self-assessment, however some have been included in a wider area for improvement for the Council and will be managed by a lead service which are identified in the 'Identified Areas for Improvement' section of this report.

Individual Service areas for improvement are monitored as part of the Service Review process.

This self-assessment summarises the conclusion of the work for 2023/24 and evaluates the overall performance of the Council, answering at the simplest level, the following questions –

- How well are we doing?
- How do we know?
- What and how can we do better?

Service Planning

Exceeds Expectations



How well are we doing?

Service planning is an essential tool for performance management. It helps people understand our services, it provides a road map for where the Council needs to be and is an essential part of the accountability framework for service provision in realising the objectives of the Council Plan.

The evidence supports an overall conclusion that the council have a strong grasp on Service Planning and have a clear vision for the future and how to achieve that vision.

How do we know?

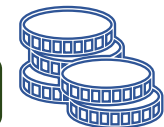
Identified Strengths	Examples of Supporting Evidence
<p>Clear Objectives – The council has a clear vision in place with measurable objectives for service delivery which is aligned to the community needs and legislative requirements</p>	<ul style="list-style-type: none"> • Council Plan • Council Values • Supporting strategies and plans • Modernising Learning Communities and Developing the Welsh Language Strategy • Local Code of Governance – pages 12-16
<p>Stakeholder Engagement – The council is in continuous engagement with Anglesey residents, businesses and partners</p>	<ul style="list-style-type: none"> • Public Consultations • Survey of tenants and residents (STAR) survey results • Local Code of Governance - page 9
<p>Evidence based decisions – The council makes informed decisions based on evidenced data analysis, research and the short and long term needs of the community</p>	<ul style="list-style-type: none"> • Council Committee Decisions • Council Committee Minutes
<p>Innovation and Adaptability – The council has a good track record of innovation and adapts well to changing circumstances</p>	<ul style="list-style-type: none"> • Response to RAAC • Trauma Informed Island • Cartrefi Clyd - Small Group Homes • Home dialysis scheme • Business Units in Llangefni and Holyhead • Ynys Môn Community Programme National Award • Fostering Excellence Award

Identified Strengths	Examples of Supporting Evidence
	<ul style="list-style-type: none"> • Dwyran natural flood management national award • Anglesey Freeport • Holyhead Levelling Up Fund
<p>Resource Allocation – The council has a strong history with managing its resources, both human and financial, to undertake its objectives</p>	<ul style="list-style-type: none"> • Medium Term Financial Strategy and Budget
<p>Compliance with Legal and Regulatory Standards – The council complies with relevant legislation, regulations and statutory duties and ensures accountability and transparency in its decision-making processes</p>	<ul style="list-style-type: none"> • External Audit: Annual Audit Summary • Isle of Anglesey County Council Constitution • Local Code of Governance - page 7

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Financial Planning

Exceeds Expectations



How well are we doing?

Financial planning involves the strategic management of finances. It encompasses assessing the current financial situation, delivering objectives, and creating comprehensive plans to allocate resources whilst maintaining fiscal stability. This process includes short (up to 1 year), medium (1-3 years) and long term (3+ years) financial forecasting to ensure the council can meet its obligations and deliver services to the community.

The council have a strong grasp on Financial Planning and have a clear financial plan in place to achieve the council’s vision in the short, medium and long term.

How do we know?

Identified Strengths	Examples of Supporting Evidence
Budget Management – The council has a strong budget management process in place that aligns with the strategic objectives and service priorities, whilst minimising the risk of overspending or underfunding.	<ul style="list-style-type: none"> • Medium Term Financial Strategy and Budget • Local Code of Governance – pages 20-22
Financial Stability – The council has healthy reserves and low debt levels relative to its income and demonstrates prudent financial management practices that ensure long-term sustainability	<ul style="list-style-type: none"> • Medium Term Financial Strategy and Budget • Statement of Accounts • Local Code of Governance – pages 20-22
Effective Resource Allocation – The council has an effective allocation of its financial resources to meet service demand and delivery requirements, whilst maximising its value for money	<ul style="list-style-type: none"> • Budget Book • Local Code of Governance – pages 14-16
Transparency and Accountability – The council has strong publicly available financial management reporting, including quarterly budget monitoring reports and annual statement of accounts.	<ul style="list-style-type: none"> • Statement of Accounts • Local Code of Governance – pages 23-24 • Budget Setting Process
Compliance with Financial Regulations – The council fully complies with relevant financial regulations, accounting standards and legal requirements including core funding and grant funding	<ul style="list-style-type: none"> • Annual Governance Statement • Local Code of Governance - page 7
Monitoring – The council has regular monitoring and oversight of financial performance, including quarterly budget reporting of the revenue, capital and HRA accounts, whilst ensuring that the risks are managed appropriately	<ul style="list-style-type: none"> • Quarterly Financial Monitoring Reports to the Executive

Identified Strengths

Audit Assessments – The council have positive inspection reports from its auditors including Audit Wales and Internal Audit which provide independent validation of the financial management practices

Examples of Supporting Evidence

- [Annual Report of the Governance and Audit Committee](#)
- Internal Audit Annual Report
- [External Audit: Annual Audit Summary](#)

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Workforce Planning

Exceeds Expectations



How well are we doing?

Workforce planning is a process where the council can analyse its current and future workforce needs against its commitments, plans and objectives. It enables the council to plan how it will recruit, support, develop and retain the employees it needs for the future, reflecting the long-term planning principle of the Wellbeing of Future Generations Act.

The council has a strong understanding of workforce planning and have the requirements in place for achieving its commitments, plans and objectives from a human resource perspective.

How do we know?

Identified Strengths	Examples of Supporting Evidence
<p>Training and Development – The council provides many opportunities to undertake training, professional development and skill enhancement which enables employees to continually grow and adapt to changing job requirements and technological advancements</p>	<ul style="list-style-type: none"> • Welsh language annual report • Local Code of Governance – pages 17-19 • Member Development and Training Programme
<p>Workforce Planning – The council is committed to getting the right people, with the right skills, in the right place, at the right time whilst ensuring alignment with the councils’ strategic objectives and service priorities. The council continuously develops and implements succession plans to identify and develop future leaders and key personnel ensuring continuity and sustainability</p>	<ul style="list-style-type: none"> • Workforce Planning Strategy • People risk management strategy • Local Code of Governance – pages 17-19
<p>Work Benefits – The council offers many benefits to staff including flexible working, hybrid working, wellbeing support and occupational health, work pension as well as many other policies designed to improve the work-life balance of its staff</p>	<ul style="list-style-type: none"> • Flexible working • Cycle to work scheme • Manteision Mon
<p>Performance Review – The council have a clear system for measuring employee performance, alignment with council strategies and strategic objectives, and career development through its annual development conversations with staff, annual workforce review and effective talent management</p>	<ul style="list-style-type: none"> • Appraisal system • Corporate Safeguarding Annual Report • Local Code of Governance – pages 17-19

Identified Strengths

Employee Engagement and Satisfaction – The council have many forms for employee engagement including staff surveys and other feedback mechanisms which ensures an effective communication and positive work environment for staff to thrive and high morale

Examples of Supporting Evidence

- Staff Attendance
- Staff Retention
- Staff Survey
- Members Briefing Sessions
- Fforwm Môn
- Y Ddolen
- Chief Executive Update
- [Local Code of Governance – pages 17-19](#)

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Meets Expectations

Asset Management

How well are we doing?

Asset management is the systematic process of planning, acquiring, tracking, maintaining, upgrading, and disposing of assets in an efficient and cost-effective manner. The primary goal of asset management is to optimize the use and performance of assets while minimizing risks and costs throughout their lifecycle. Their use should also align with the council’s objectives.

The council are doing well regarding Asset Management and have many plans in place to successfully deliver the councils objectives, however work is required on many assets that are in need of modernisation or disposal.

How do we know?

Identified Strengths	Examples of Supporting Evidence
Asset Inventory and Condition Assessment – The council has an accurate inventory of its assets, including infrastructure, facilities and equipment and regularly assess the condition to inform maintenance and renewal strategies	<ul style="list-style-type: none"> • Asset Management System in place • ICT Asset Management in place
Lifecycle Planning – The council ensures the proactive maintenance, renewal and replacement of assets which optimises performance and minimises lifecycle costs	<ul style="list-style-type: none"> • Asset Management Strategic Plan • Housing Services Asset Management Strategic Plan • Capital Strategy • Modernising Learning Communities and Developing the Welsh Language Strategy
Risk Management – The council conduct risk assessments for assets to identify and mitigate potential risks, such as health and safety, regulatory compliance and service disruptions	<ul style="list-style-type: none"> • Asset condition survey • Cyber Security / ICT Security
Asset Performance Monitoring – The council monitors asset performance, particularly energy usage and efforts to achieve net zero, and uses the data to assess the asset effectiveness, reliability and service delivery and make data driven decisions	<ul style="list-style-type: none"> • Asset Management System • Digital Strategic Plan • PowerBI Dashboard for Climate Change with indicators related to energy usage
Compliance with Standards and Regulation – The council ensures compliance with relevant asset management standards, regulations and best practices and demonstrates a commitment to quality, consistency and continuous improvement	<ul style="list-style-type: none"> • RAAC identification and response • Asset condition surveys • Local Code of Governance - page 7 • Health and Safety Policies



Meets Expectations

Procurement & Contract Management

How well are we doing?

Procurement management focuses on the initial acquisition of goods or services, while contract management concentrates on the ongoing management and compliance of those agreements once they are in place. Both processes are critical to acquire and manage the resources that the council needs to operate and achieve key objectives efficiently and effectively.

Overall, the council have a good understanding of procurement rules and procedures, and contract management arrangements are working well. There are however processes that are to be reviewed to align and meet the expectations within the new Procurement Act 2023 which comes into force in October 2024.

How do we know?

Identified Strengths	Examples of Supporting Evidence
Compliance with Regulations – The council have systems and processes in place to ensure compliance with all procurement standards and regulations, and all contracts are managed as such when due for renewal or when new	<ul style="list-style-type: none"> • Procurement Handbook • IT Procurement Policy • Data processing policy and agreement • Annual Governance Statement • STAR Procurement Review and Action Plan • Local Code of Governance - page 7
Transparency and Accountability – The council is transparent and accountable in its procurement and contract management, such as disclosing procurement decisions, contract terms, and performance outcomes to stakeholders, which promotes public trust and confidence in the council's procurement practices	<ul style="list-style-type: none"> • Contracts Management Strategy • Procurement training • Annual Governance Statement
Ethical Procurement – The council ensures that procurement decisions are made impartially and in the best interests of the council and the community by upholding ethical standards in procurement processes, including fairness, integrity, and avoidance of conflicts of interest	<ul style="list-style-type: none"> • Sustainable Procurement Policy • IT Procurement Policy • Safeguarding in procurement and contracting • Local Code of Governance - page 7
Performance Management – The council ensures that suppliers deliver goods and services in accordance with agreed-upon terms and standards by monitoring the performance of its suppliers and contractors based on agreed KPIs, Service Level Agreements and contract requirements	<ul style="list-style-type: none"> • Annual Report of the Governance and Audit Committee

Identified Strengths

Risk Management – The council conducts risk assessments and implements risk mitigation strategies in procurement and contract management processes which helps identify and address potential risks, such as supply chain disruptions, contract disputes, or non-compliance issues

Examples of Supporting Evidence

- [Annual Report of the Governance and Audit Committee](#)

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Risk & Audit Management

Meets Expectations



How well are we doing?

Risk Management deals with identifying and managing uncertainties that could impact on the councils' objectives in a positive or negative way. Internal Audit involves providing independent, objective assurance and consulting activities to add value and improve the council's operations. It helps the council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. External audit and regulators scrutinise management and governance processes, ensure service quality and compliance with legal and regulatory standards. Together, they maintain council accountability and service effectiveness, and provide assurance that public funds are used responsibly.

The council regularly monitor and review the strategic risks and mitigating actions put in place to monitor them and it has an excellent relationship with regulators and auditors. Overall processes and procedures are strong and the culture of the organisation ensures that they are essential practices in day to day activities.

How do we know?

Identified Strengths	Examples of Supporting Evidence
<p>Risk Identification – The council have robust processes in place to identify and assess risks across all areas of operations, including financial, operational, strategic, and compliance risks</p>	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Risk management framework • Strategic Risk Register • Service Risk Register • Project Risk Register • Local Code of Governance - pages 12-24
<p>Risk Mitigation – The council demonstrates proactive risk management practices aimed at minimizing the likelihood and impact of adverse events by developing and implementing effective risk mitigation strategies and controls to address them</p>	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Risk management framework • Strategic Risk Register • Service Risk Register • Project Risk Register • Local Code of Governance - pages 12-24
<p>Internal Audit Function – The Council has an independent and objective internal team that provides assurance and advice to all levels of management and elected and lay members on the quality of operations within the Council and is one of the key elements of the Council's governance framework. Its mission is to enhance and protect</p>	<ul style="list-style-type: none"> • Internal Audit Strategy • Internal Audit Charter • Internal Audit Updates

Identified Strengths	Examples of Supporting Evidence
organisational value by providing risk-based and objective assurance, advice and insight.	<ul style="list-style-type: none"> • Annual Report of the Governance and Audit Committee • Local Code of Governance - pages 20-24
Training and Awareness – The council provides training and awareness sessions on risk management and internal controls to relevant staff and stakeholders which ensures a shared understanding of risk management principles and promotes a culture of risk awareness and accountability across the organization	<ul style="list-style-type: none"> • Annual Governance Statement • Local Code of Governance – pages 17-19
External Audit and Regulators – The council fully supports and is transparent with its external auditors and regulators on all aspects of council business including finance, education, social services, and other corporate activities which in turn provides independent validation of its internal controls and practices	<ul style="list-style-type: none"> • National Reviews and their related recommendations • Audit Wales Annual Audit Summary • Estyn Reports • Care Inspectorate Wales Reports

Performance Management

Exceeds Expectations



How well are we doing?

Performance Management is a process in which the council and its staff work together to plan, monitor and review our corporate priorities through strategic objectives, service objectives and individual objectives, within allocated resources in order to ensure continuous improvement.

The council has a strong appetite for continuous improvement and is transparent when reviewing its key performance indicators, annual activities and monitoring arrangements.

How do we know?

Identified Strengths	Examples of Supporting Evidence
<p>Clear Objectives and Key Performance Indicators – The council has clearly defined objectives and measurable KPIs that align with its strategic priorities and service delivery goals</p>	<ul style="list-style-type: none"> • Council Plan • Annual Delivery Document • Corporate Scorecard • Local Code of Governance - pages 14-16, 20-22
<p>Data Collection and Analysis – The council is committed to evidence-based decision making by the regular monitoring of data, analysing data and identifying trends from the data to make informed decisions</p>	<ul style="list-style-type: none"> • Quarterly Scorecard Monitoring • Service Performance Indicators • PowerBI Dashboards • Local Code of Governance - page 9
<p>Regular Monitoring and Reporting – The council ensures accountability and transparency in performance management by regular monitoring of performance against established KPIs and the quarterly reporting of performance to elected members and senior leadership, officers, and the public</p>	<ul style="list-style-type: none"> • Annual Performance Report • Annual Governance Statement • Annual Directors Report on the effectiveness of Social Services • Anglesey and Gwynedd Public Services Board Annual Report • Quarterly Scorecard Monitoring • Survey of tenants and residents (STAR) survey results
<p>Continuous Improvement Culture – The council has a culture of continuous improvement in performance management practices, through regular reviews and evaluations which enables the council to adapt to changing circumstances, identify emerging trends and drive ongoing improvement in service delivery</p>	<ul style="list-style-type: none"> • Quarterly Scorecard Monitoring • Local Code of Governance - pages 14-16, 20-22

Identified Strengths	Examples of Supporting Evidence
Benchmarking and Comparison – The council compares performance with other councils whenever possible to ensure that the performance is in line with expectations and identify areas for improvement	<ul style="list-style-type: none">• Stats Wales• Data Cymru• Benchmarking Clubs (data not published)

DRAFT

What and how can we do better?

Below are all of the areas identified as opportunities for improvement and monitoring throughout 2024/25.

Improvement matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	By When
1. The Council needs to review and revise the Corporate Scorecard provision following the adoption of the new Council Plan 2023-2028	<ul style="list-style-type: none"> Review and revise the corporate scorecard provision to identify relevant and prioritised indicators to be tracked and managed through the life-course of the current administration 	Transformation	September 2024
2. The council need to continue modernising its digital and data infrastructure	<ul style="list-style-type: none"> Digital strategic plan Complete a data maturity assessment to review of our data infrastructure, skills and capacity Implement a new telephony system 	Transformation	March 2025
3. The council must ensure that it meets the requirements of the new Procurement Act 2023	<ul style="list-style-type: none"> Implement agreed actions from the Procurement Improvement Plan Publish a Procurement Strategic Plan 	Resources	April 2026
4. The financial resilience of the council is under pressure due to the cost of living crisis and a decrease in funding	<ul style="list-style-type: none"> Maximise the grants available to the council Monitor and review the Medium Term Financial Plan (MTFP) Identify savings for 2025/26 onwards Review and streamline processes to improve efficiency and effectiveness of services and reduce the impact of reduced funding 	Resources	March 2025

Improvement matters identified	Actions identified to address weaknesses	Lead Officer / Service / Board	By When
<p>5. The council needs to manage and rationalise assets to ensure that they are needed, are fit for purpose and if not identify the work required to bring them up to standards.</p>	<ul style="list-style-type: none"> • Publish and implement a new Asset Management Strategic Plan 2024-2029 • Review and publish a new small holding asset management strategy • Undertake rationalisation of council assets • Responding to and managing RAAC within council assets 	Highways, Waste & Property	March 2025
<p>6. The council need to respond to identified workforce planning challenges including its age profile in some services and recruitment and retention problems in others</p>	<ul style="list-style-type: none"> • Review, revise and implement a recruitment drive for the Provider Unit • Implement the people risk management strategy • Modernise the recruitment website and • Increase the retention of staff in areas that see higher turnover and specifically in roles that are specialists and can't easily be recruited 	Transformation	March 2025

The Council's Service Position Statement – 2024

Please note below the response of each service against the categories of evidence for 2024

Evidence Categories	Adults	Children	Council Business	Regulation & Econ Dev	Highways, Waste & Property	Housing	Learning	Resources	Transformation	Overall Council (Average)
Service Planning	Exceeds	Exceeds	Exceeds	Outstanding	Meets	Exceeds	Outstanding	Meets	Meets	Exceeds
Financial Planning	Meets	Meets	Meets	Outstanding	Exceeds	Meets	Exceeds	Exceeds	Exceeds	Exceeds
Workforce Planning	Meets	Exceeds	Meets	Exceeds	Exceeds	Exceeds	Exceeds	Meets	Outstanding	Exceeds
Asset Management	Meets	Meets	Meets	Meets	Meets	Exceeds	Meets	Meets	Meets	Meets
Procurement and Contract Management	Meets	Meets	Meets	Exceeds	Meets	Meets	Exceeds	Meets	Meets	Meets
Risk and Audit Management	Exceeds	Meets	Meets	Meets	Exceeds	Meets	Meets	Meets	Exceeds	Meets
Performance Management	Exceeds	Meets	Exceeds	Exceeds	Exceeds	Meets	Exceeds	Meets	Exceeds	Exceeds

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ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	18 July 2024
Subject:	Internal Audit Update
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting:</p> <p>The Governance and Audit Committee’s Terms of Reference has an explicit requirement for the Committee to oversee the Council’s internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1)</p> <p>The Committee is required to consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It is required to consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions. (3.4.8.10.10)</p> <p>This report also fulfils the requirements of CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022, specifically, in relation to the authority’s internal audit function and the Public Sector Internal Audit Standards, which require the chief audit executive to report information about progress and the results of audit activities. (Standard 2060)</p>	

1. Introduction

1.1 This report updates the Committee, as at 30 June 2024, on the audits completed since the last update as at 31 March 2024, the current workload of internal audit and our priorities for the short to medium term going forward.

2. Recommendation

2.1 That the Governance and Audit Committee considers:

- the outcome of Internal Audit’s work,
- the assurance provided and
- our priorities going forward.

Internal Audit Update

July 2024



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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Summary of Assurance Work Completed Since Last Update

1. This section provides an overview of assurance reports finalised since the meeting in April 2024, including the overall assurance rating and the number of issues/risks raised.
2. We have finalised **three** pieces of assurance work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
Destination - Maritime Team: Income Processes	Reasonable	0	1	6
IT Audit – IT Supplier Management	Limited	0	0	10
Robustness of estimates and adequacy of reserves assessment (Section 25 of the Local Government Act 2003)	Reasonable	0	0	0

Destination - Maritime Team: Income Processes

Reasonable Assurance	Issues/Risks	
	0	Critical
	1	Major
6	Moderate	

3. Our review sought to answer the following key question:
Does the Destination - Maritime team have effective arrangements in place to collect, record and bank income from all its activities in full and in the most efficient way?
4. Our review concluded that the Council's arrangements for collecting, recording, and banking income from Maritime activities are mostly effective due in the main to an experienced and diligent team.
5. However, we identified several risks. Due to the vulnerabilities these expose, this report will be considered in more detail in private session.
6. We raised seven Issues/Risks, which require management attention, most of moderate impact at service level, and agreed an action plan with management, which is detailed in a separate document.
7. Though we are able to provide a reasonable assurance rating, it is important that the service mitigates the key financial, operational and reputational risks in this area.
8. We have therefore agreed to carry out a formal follow up review in January 2025 to support the service in strengthening its internal controls.

IT Audit - IT Supplier Management

Limited Assurance	Issues/Risks	
	0	Critical
	0	Major
10	Moderate	

9. Our review sought to answer the following key question:
Does the Council have effective controls in place to minimise key risks associated with managing its IT suppliers?
10. The IT Audit Team at Salford Council conducted this piece of work on our behalf. They concluded that, in the main, the Council is not adequately mitigating the key risks associated with managing its IT suppliers to an acceptable level.
11. Concerns exist across all aspects of supplier management from pre-procurement due diligence through to termination of contracts, which has reflected the Limited Assurance opinion.
12. However, these issues are symptomatic of a wider procurement issue within the Council which is being addressed as part of a two-year improvement programme led by an external procurement specialist.
13. We raised 10 Issues/Risks and have agreed an action plan with management, which we have detailed in a separate document. We are assured that management plans to address all the Issues/Risks within a two-year programme.
14. We will continue to monitor how the Issues/Risks are resolved and will report progress to the Governance and Audit Committee.

Financial Resilience – Robustness of Estimates and Adequacy of Reserves Assessment (Section 25 of the Local Government Act 2003)

Reasonable Assurance	Issues/Risks	
	0	Critical
	0	Major
0	Moderate	

15. Our review sought to answer the following key question:
Does the Council have effective arrangements in place to ensure it complies with section 25 of the Local Government Act 2003 and CIPFA’s Financial Management Code 2019 (Standard ‘K’) in respect of the robustness of estimates and adequacy of reserves when determining the Council’s annual budget and Council Tax precept?
16. Our review concluded that the Council complies with section 25 of the Local Government Act 2003 and ‘Standard K’ of CIPFA’s Financial Management Code in respect of the robustness of estimates and adequacy of reserves when determining its annual budget and Council Tax precept. Despite this, the challenging financial climate over the next two years will require the Council to make difficult decisions in order to safeguard its financial resilience.
17. The Council’s Section 25 Statement is a culmination of a complex financial management framework and budget setting process, underpinned by robust medium term financial planning processes, macroeconomic risk analysis, capital, and treasury management strategies and in-year budgetary control processes, with evidence of good practice outlined by CIPFA, such as early member and senior officer engagement, use of scrutiny mechanisms as an important check and balance, scenario testing of alternative solutions to budget constraints, and reflecting compliance in the Council’s Annual Governance Statement (AGS).

18. The Council operates a policy to retain a minimum of 5% of its net revenue budget (NRB) in general reserves. This is derived from past budget performance and forecasting and helps to create a level of mitigation from any unexpected financial risk. £4.425m of reserves have been used as funding for the 2024-25 revenue budget, leaving the revised balance at £10.79m, which equates to 5.88% of the NRB.
19. It is important to note that continued use of reserves to fund services presents a significant risk to the Council’s financial resilience. This is reflected in the Section 25 statement, which clearly outlines that while current levels are within agreed thresholds, future use of reserves to fund the revenue budget will not be possible.
20. Included within the 2024-25 annual budget is a savings target of £2.3m. A detailed savings plan has been agreed by the Executive and considered by the Finance Scrutiny Panel and Corporate Scrutiny Committee. Oversight of these savings will be undertaken throughout the year as part of established budget monitoring processes.
21. Due to the significant financial challenges anticipated for the next fiscal year 2025-26, with further anticipated savings of £7.4m required, the Director of Function (Resources) / Section 151 Officer has commenced work with services to identify ways to bridge the funding gap, as well as an exercise to cost the Council’s Plan 2023-28 and objectives, to ensure plans focus on the Council’s stated priorities. Due to the scale of future savings required, it is crucial that robust governance arrangements are in place to monitor future savings programmes, such as via an efficiencies board or panel. We are assured that once savings plans are developed and approved by members, appropriate governance mechanisms to oversee delivery will be established.
22. As financial resilience is a key risk within the Council’s Strategic Risk Register, we will continue to keep this area under review. However, within the scope of our review, we are able to provide reasonable assurance of the governance, risk management and control of this area at this time.

Work in Progress

23. The following pieces of work are currently in progress:

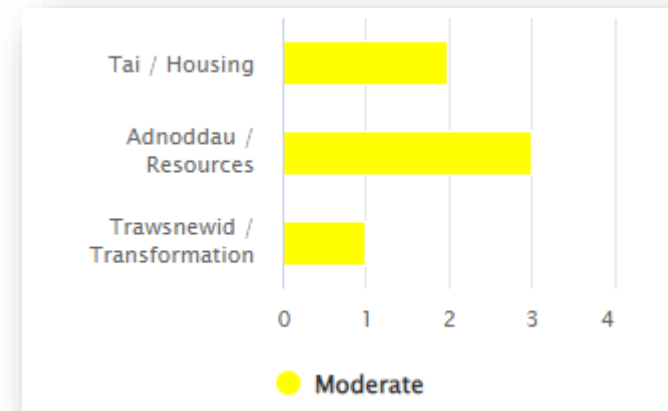
Area	Reason for Audit	Stage
National Fraud Initiative	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Ongoing
Declarations of Interest	Counter Fraud, Bribery and Corruption Strategy 2022-2025	Postponed
Direct Debit Management	Internal Audit Strategy 2023-24	Draft Report
Partnership Oversight	Internal Audit Strategy 2023-24	Draft Report
Management of the Council's Assets	Strategic Risk Register (YM14)	Fieldwork
Investigation - Property Services	Complaint	Fieldwork
Investigation - Housing Services	Complaint	Fieldwork
Childcare and Welsh Medium Education Provision	Requested by the Chief Executive Officer	Fieldwork
IT Audit: Cybersecurity Assessment Framework (CAF) Gap Analysis	Strategic Risk Register (YM3)	Fieldwork
Recruitment and Retention	Strategic Risk Register (YM3)	Fieldwork
The Council's Housing Strategy	Strategic Risk Register (YM9)	Fieldwork
Continuous Monitoring (identifying erroneous and fraudulent payments)	Internal Audit Strategy 2024-25	Fieldwork

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Outstanding Actions

24. Work is progressing to support services with addressing all 'Issues/Risks' raised and implementing all outstanding actions.
25. As at 30 June 2024, six moderate-rated issue/risks remain unaddressed beyond their target date, as can be seen below.

Overdue Issues / Risks by Service



Priorities

Current Capacity

26. We have lost one Senior Auditor post due to efficiency savings. We continue to have one vacant post at Senior Auditor level, due to the continuance of a long-term secondment.
27. We continue to utilise the budget savings from this vacancy to commission additional external support.

Short/Medium Term Priorities

28. Our current workload can be seen in [Work in Progress](#) detailed earlier in this report. Our priority is to complete the investigations, followed by the assurance on Strategic Risks.
29. We are making steady progress with our Annual Internal Audit Strategy for 2024-25 and Counter Fraud, Bribery and Corruption Strategy 2022-2025.

Longer Term Priorities

30. The International Internal Auditing Standards Board (IIASB) issued the new [Global Internal Audit Standards](#) on 9 January 2024 which will become effective following a one-year transition period. The Standards guide the worldwide professional practice of internal auditing.
31. The Internal Audit Standards Advisory Board (IASAB), which sets the standards for the UK public sector, has begun its review of the impact on the Public Sector Internal Audit Standards and will develop proposals for revised material which will be suitable for the UK public sector context. Any subsequent changes to the UK's PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements.
32. We will keep the Committee members updated on the impact this may have on the work of the Committee.

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ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	18 July 2024	
Subject:	National Fraud Initiative 2022-24 Outcomes – Progress Report	
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales	
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales	Andrew Lewis Senior Auditor AndrewLewis@anglesey.gov.wales
Nature and Reason for Reporting: The Committee’s Terms of Reference require it to have oversight of the Council’s arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose and will champion good counter fraud and anti-corruption practice to the wider organisation (3.4.8.9.2). In doing so, the Committee will consider the assurance provided by internal audit (3.4.8.9.6). This report informs the Committee of the Council’s recent progress and outcomes in respect of its participation in the National Fraud Initiative (NFI).		

1. INTRODUCTION

- 1.1 The NFI is a UK-wide data matching exercise that helps to detect and prevent fraud. It is conducted in Wales by the Auditor General under his statutory data matching powers set out in Part 3A of the Public Audit (Wales) Act 2004, in conjunction with the Cabinet Office.

- 1.2 The Council’s Counter Fraud, Bribery and Corruption Strategy 2022-2025 recognises that making the best use of information and technology by participating in the National Fraud Initiative can mitigate the risk of fraud, bribery and corruption occurring within and against the Council.

- 1.3 Audit Wales recommends that participants in the NFI exercise should fully leverage their participation for maximum benefit.

- 1.4 While the Revenues team provided valuable assistance in analysing matches and responding to queries, the Benefits team was unable to allocate resources to analyse matches, leading to missed counter-fraud opportunities and potential benefits.

- 1.5 While the NFI financial outcomes do not capture the unquantifiable benefit of identifying and strengthening internal control weaknesses, reports have generally been helpful in preventing fraudulent or mistaken claims.

- 1.6 Participation in a pilot matching exercise involving the matching of council tax and Disclosure of Death Registration Information highlighted known process weaknesses, stressing the need to review exemption entitlements. We have provided feedback to the Cabinet Office, noting both issues and successful matches that helped improve service records.

2. RECOMMENDATION

- 2.1 That the Governance and Audit Committee takes assurance from the report that the Council, taking account of the need to prioritise its resources, is seeking to actively embrace opportunities provided by the National Fraud Initiative to use data analytics to strengthen both the prevention and detection of fraud.

National Fraud Initiative (NFI) 2022-2024 Progress Report July 2024



Marion Pryor BA MA CMIIA CPFA ACFS

Andrew Lewis BA (Hons) IRRV (Dip) ACFTech



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Introduction

1. The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office that aims to detect and prevent fraud and error. The Isle of Anglesey County Council, along with other local authorities and public sector bodies, is mandated to participate.
2. The Council's Counter Fraud, Bribery and Corruption Strategy 2022-2025 recognises that making the best use of information and technology by participating in the National Fraud Initiative can mitigate the risk of fraud, bribery and corruption occurring within and against the Council.
3. As acknowledged by Audit Wales, the success of the NFI exercise is dependent on the proactivity and effectiveness of participant bodies in investigating the data matches. However, participation in the NFI is only one element of an effective counter-fraud strategy; a strong counter-fraud culture and effective counter-fraud policies and procedures are also essential.
4. In December 2023, as required, the Council uploaded up-to-date Council Tax data and Electoral Register data to the NFI's web application for data matching purposes.
5. Since submitting our previous NFI outcomes report to this Committee in December 2023, the NFI have also refreshed and/or released some new reports in relation to Council Tax Reduction and Housing Benefit.
6. In January 2024, the Council agreed to take part in a pilot exercise to receive the outcome of Council Tax records matched with Disclosure of Death Registration Information (DDRI). These matches were released for analysis in March 2024.
7. This update report will inform the Committee on the progress made by the Council in analysing these latest matches and detail the relevant outcomes (see [Appendix 1](#) for overview table).

Council Tax Single Person Discount - Rising 18s (121 matches)

8. This NFI report identifies addresses where the taxpayer is claiming a council tax single person discount on the basis that they are the only adult living at the property, however, electoral register data suggests that there is somebody else living at the address who is approaching 18 years of age.
9. On the 08/12/23, the NFI released 121 new matches of this type. The Council's Tax Compliance Officer has analysed all 121 matches and has either cancelled the single person discount, if applicable, or applied a provisional end date to the discount in line with the date that the other resident(s) turns 18-year-old.
10. It is difficult to calculate the exact value/outcome of this NFI exercise as, in many cases, the 25% single person discount is amended to a 25% 'disregard' discount because the resident turning 18 (usually the son/daughter of the taxpayer) is still in Further Education.
11. However, the exercise is beneficial to ensure the accuracy and integrity of council tax records. Also, a full council tax charge would likely be payable following the end of their Further Education course, unless they subsequently vacate / enrol on a full-time Higher Education course. Therefore, applying a provisional end date to the single person discount will ensure that the correct amount of council tax is charged in the medium to long term, likely resulting in increased revenues for the Council.

Council Tax -Single person discount to Electoral Register (1,123 groups of matches)

12. This NFI report identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone yet the electoral register indicates that there is more than one person in the household aged 18 or over.
13. Revenues have reviewed a small sample of these matches and have noted significant issues with mismatches/false positives. For example, regarding matches linked to private rental properties, the name of the previous tenant(s) remains on the electoral register despite them having vacated the property some years ago. This then leads to a false match as it suggests that multiple adults are living at the property when there are not.
14. The Revenues team are still currently in the process of procuring a fully managed Single Person Discount review by an external provider. This review will use data analytics, up-to-date credit bureau financial data and traditional human investigation skills to continually monitor all existing Single Person Discount entitlements and review all new claims, over an agreed time period.
15. Consequently, due to the likely high number of false positives / mismatches within this NFI match report and given the forthcoming fully managed Single Person Discount review, management has decided that resources will not be allocated to assess these latest matches.

Council Tax to Other Datasets (1,141 matches)

16. This NFI report identifies addresses where the householder is claiming a council tax single person discount on the basis that they live alone, yet other information/datasets (e.g. Blue Badge holders, Council Tax Reduction Scheme recipients, Housing Benefit Claimants, Housing Tenants, Housing Waiting List, Payroll) suggests that there may be more than one person in the household.
17. As this report compared the latest Council tax data with older datasets submitted in November 2022, the NFI acknowledges that this report could include matches that are no longer applicable.
18. As a result, resource has not been allocated to analyse these matches.

Council Tax Reduction Scheme to HMRC - Household Composition (40 matches)

19. Council Tax Reduction Scheme (CTRS) data has been matched to HMRC Household Composition information to identify cases where the CTR recipient has failed to declare that other persons are living in the household.
20. We have provided the Service with a copy of the NFI report for analysis, but we have not yet been provided with the outcome of their review.

Council Tax Reduction Scheme to HMRC- Property Ownership (97 matches)

21. Council Tax Reduction Scheme (CTRS) data has been matched to HMRC Property Ownership information to identify cases where the CTR recipient has failed to declare that they own another property / property.
22. We have provided the Service with a copy of the NFI report for analysis, but we have not yet been provided with the outcome of their review.

Council Tax Reduction Scheme to HMRC - Earnings and Capital (9 matches)

23. Council Tax Reduction Scheme (CTRS) data has been matched to HMRC Earnings and Capital information to identify cases where the CTR recipient has failed to declare relevant earnings and capital.
24. We have provided the Service with a copy of the NFI report for analysis, but we have not yet been provided with the outcome of their review.

Housing Benefit Claimants to Student Loans (9 matches)

25. Housing Benefit and Student Loan data have been compared to identify individuals who are claiming housing benefit, but, whose student loan payments result in them potentially being ineligible.
26. We have provided the Service with a copy of the NFI report for analysis, but we have not yet been provided with the outcome of their review.

Council Tax to Disclosure of Death Registration Information (DDRI) matches (Pilot)

27. The aim of matching Council Tax records with Disclosure of Death Registration Information (DDRI) is to enable the Council to identify council tax accounts that require amendment following the death of the liable person i.e. the person legally responsible for paying the council tax.
28. The NFI report identifies cases where the Council has either not been notified by the relatives/next of kin/executors/ landlord of the deceased, or instances where there has been an internal administrative error in dealing with such information.
29. The clear benefit of ensuring the correct council tax liability is that it ensures that records are accurate for billing and collection purposes. In terms of revenue outcomes, changes could lead to the removal of a discount/exemption which is being claimed fraudulently/incorrectly, but they could also lead to the award of a council tax exemption (Class F) or to a change in liability. Therefore, depending on the circumstances, the matches may lead to increased or reduced amounts of council tax revenue.
30. The absence of a unique identifier, such as a National Insurance Number, resulted in some erroneous matches being returned where, for example, a father and son or mother and daughter having the same name were matched as being the same person.

Pilot matches and outcome

31. The NFI pilot provided the Council with a report containing a total of 535 matches.
32. Following our data analysis, we identified 351 of the matches as “no issue”, i.e. council tax liability had already been correctly amended. In relation to these 351 matches, the liable person’s

name is preceded by the title “Executors of”, which signifies that the Council has already been informed of the death of the liable person and amended the account accordingly. This is an evident weakness in the NFI data matching pilot process and feedback has been provided to the Cabinet Office.

33. Notably, 255 of the 351 “Executors of” accounts are currently in receipt of Class F exemption. Class F exemption is awarded to “an unoccupied dwelling in relation to which a person is a qualifying person in his capacity as personal representative, if either no grant of probate or of letters of administration has been made, or less than six months have elapsed since the day on which such a grant was made;” Typically, Class F exemption is awarded when the deceased is the sole freehold owner of the property, but, it can also be awarded in relation to leases/tenancies.
34. It is acknowledged that the probate process generally takes between three and 12 months to complete but may take longer in more complex cases. However, 50 of the 255 accounts in receipt of Class F exemption relate to individuals who passed away more than two years ago.
35. This indicates that more robust exemption reviewing arrangements may be necessary to ensure entitlement is correct. However, we acknowledge that it can be challenging for the department to determine the true situation / liability if there is no further information on the Land Registry or probate records, and no executor/ legal representatives have come forward to clarify the position.
36. Internal processes are currently being strengthened by management and correspondence will shortly be sent to all applicable accounts in receipt of Class F exemption requesting further information. If no response is received, exemption will be revoked.

37. Based on an analysis of a sample of the remaining 184 matches, the Service determined that no further resources would be allocated to evaluating all these results.
38. Five of the sample matches analysed were data mismatches as the data related to different people, i.e. same name, same date of birth but not the same person.
39. There were also examples of where the Council had been notified of the death of a liable taxpayer, but it had been administered following the submission of the data to the NFI.
40. However, the sample did offer some reliable, valuable matches that have assisted the Revenues team to correct their records:
 - **Match number 242** - the Disclosure of Death Registration Information highlighted that the taxpayer had passed away in December 2022. The landlord had not informed the Council of this and the subsequent end of the tenancy. The recovery / enforcement process had not uncovered this information either. Council tax liability has now been amended and the landlord made liable since December 2022. Following an initial 12-month exemption period for an unoccupied and unfurnished property undergoing renovation, the landlord is now liable for £3,837.72 relating to 2023/24 and 2024/25 financial years.
 - **Match number 315** - the Disclosure of Death Registration Information highlighted that the liable person passed away in May 2023. However, the daughter continued to live at the address and has continued to pay the council tax bill, despite it being in the name of the deceased. Council tax liability will be corrected but this will not lead to increased revenue for the Council in this instance as payments have been kept up to date. However, this match has helped the Council ensure accurate billing and administration.

Next steps

41. In July 2024, the preparatory stages for the National Fraud Initiative 2024-25 exercise will begin. Audit Wales have recently been in contact to confirm Key Contact and other administrative details.
42. We expect that the usual datasets will be required from the Council e.g. Blue Badges, Payroll, Trade Creditors, Council Tax, Electoral Register, Housing Tenants/Waiting List, Taxi Licences.
43. However, the NFI has also proposed to mandate the social care datasets of residential care homes and personal budgets in the NFI 2024-25 exercise, once the Legislative Reform Order to enable a legal gateway for sharing this data is complete. Our Social Services department has already acknowledged that it could prove difficult to meet the NFI data specification requirements if, for example, they request unique details such as National Insurance number.

Expected NFI 2024-25 timetable:

- July 2024- the Council will receive the final data specifications for each data set. Work will start with services to ensure they can meet the data specifications for data extraction
- September 2024- completion of privacy notice compliance declaration
- September 2024- co-ordination of data extraction with services
- October/November 2024 -data upload
- January 2025- new matches available for review
- September 2025 – progress report to the Governance and Audit Committee

Conclusion

44. We are grateful to the Revenues service for their assistance in analysing some of the matches and responding to our queries. However, we would once more echo Audit Wales's recommendations that participants in the NFI exercise should ensure that they maximise the benefits of their participation.
45. The Benefits team were unable to commit resource to analyse the Council Tax Reduction (CTR) to HMRC related matches and the refreshed Housing Benefit related matches. Whilst there would inevitably be some mismatches and false positives, there would also undoubtedly be some valuable matches. Consequently, the Council is not maximising its counter-fraud opportunities and obtaining the potential benefits of the NFI.
46. The Council Tax Single Person Discount - Rising 18s report has been beneficial and has enabled the department to set provisional end dates on discounts, thereby preventing any opportunity for taxpayers to either fraudulently or mistakenly continue to claim the discount.
47. The opportunity to identify internal control weaknesses and to subsequently strengthen processes is an unquantifiable benefit that is not reflected by the NFI financial outcomes ([Appendix 1](#)). However, the Council Tax to DDRI pilot has emphasised already known process weakness and has given further impetus to the need to review Class F exemption entitlement.
48. We have provided feedback to the Cabinet Office on our use of the report i.e. informing them of the "Executors of" issue and mismatches but also giving credit for the accurate matches that have enabled the service to amend their records.

Appendix 1 – NFI outcomes table

Report area	Number of matches	Number of matches analysed by service / Internal Audit	Fraud / Error confirmed	Other	NFI financial outcomes i.e. the overall amounts of fraud/ overpayments and/or error that is detected by the exercise and an estimate of future losses that it prevents
Council Tax to Electoral Register	1,123	0	n/a	n/a	n/a
Council Tax Rising 18s	121	121	None	<i>Provisional end date added to the accounts in receipt of Single Person discount, in line with the date that the other occupier turns 18 years old</i>	Difficult to quantify future revenue gains due to likely 25% disregard discount linked to further/higher education etc. However, the average Council Tax for a Band D property in IoACC in 2024/25 is £1,982.09 a year. Therefore, the average 25% Single Person Discount is worth £495.50 a year.
Council Tax to Other Datasets	1,141	0	n/a		n/a
Council Tax to HMRC household composition	809	0	n/a		n/a
Council Tax Reduction to HMRC Property ownership	97	0	n/a		n/a
Council Tax Reduction to HMRC earnings and capital	9	0	n/a		n/a
Council Tax Reduction to HMRC household composition	40	0	n/a		n/a
Housing Benefit Claimants to Student Loans	9	0	n/a		n/a
Council Tax to DDRI Deceased Persons (pilot)	535	358	2		£3,838.72
Total	3,884	479	2		£3,838.72

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Governance and Audit Committee
Date	18 July 2024
Subject	Review of Forward Work Programme for 2024-25 v2
Head of Service	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
Nature and Reason for Reporting A Forward Work Programme for 2024-25 is provided to the members of the Governance and Audit Committee to assist them in fulfilling the Committee's Terms of Reference.	

1.0 INTRODUCTION

- 1.1 A Forward Work Programme is attached at [Appendix A](#), along with a training programme at [Appendix B](#).
- 1.2 The programme has been developed considering the Committee's terms of reference and its responsibilities under the Local Government and Elections (Wales) Act 2021.

2.0 RECOMMENDATION

- 2.1 That the Governance and Audit Committee:
 - considers whether the Forward Work Programme proposed for 2024-25 meets the Committee's responsibilities in accordance with its terms of reference.

Appendix A – Forward Work Programme 2024-25

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Composition and arrangements (3.4.8.2)	Review of Committee's Terms of Reference (3.4.8.2.1)					Annual Review of Committee's Terms of Reference (3.4.8.2.1) Private meeting with internal and external audit without officers present (3.4.8.2.6) (3.4.8.10.15) (3.4.8.11.5)
Accountability arrangements (3.4.8.3)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2) Annual Chair's Report 2023-24 (3.4.8.3.1/2) Update on the Governance and Audit Committee Effectiveness Review Action Plan (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 v2 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2) Update on the Governance and Audit Committee Effectiveness Review Action Plan (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2)	Action Log Review of Forward Work Programme 2024-25 (3.4.8.3.2)
Governance (3.4.8.4)		Draft Annual Governance Statement 2023-24		Final Annual Governance		

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
		(3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2)		Statement 2023-24 (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) (3.4.8.8.2) Annual Report of the Partnership and Regeneration Scrutiny Committee 2023-24 (3.4.8.4.4) (provisional)		
Treasury Management (3.4.8.5)			Annual Report 2023-24 (3.4.8.5.1/2/3/4)	Mid-year Report (3.4.8.5.3)	Strategy and Prudential Indicators 2025-26 (3.4.8.5.1/3/4)	
Value for money (3.4.8.6)	<i>Annual Internal Audit Report 2023-24</i> (3.4.8.10.6/7/8/9/12/14/15) (3.4.8.6.3)	<i>Draft Annual Governance Statement 2023-24</i> (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) <i>Draft Statement of Accounts 2023-24</i> (3.4.8.12.1/2) (3.4.8.6.1/2/3)		<i>Final Annual Governance Statement 2023-24</i> (3.4.8.4.1/2/3) (3.4.8.6.1/2/3) <i>Final Statement of Accounts 2023-24</i> (3.4.8.12.1/2) (3.4.8.6.1/2/3) <i>Audit of Accounts Report</i> (3.4.8.11.2/3) (3.4.8.6.3)	<i>Annual Audit Summary 2024</i> (3.4.8.11.2/3) (3.4.8.6.3)	
Assurance Framework (3.4.8.7)			Annual Information Governance (SIRO)	Annual Information Governance in Schools Report		

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
			Report 2023-24 (3.4.8.7.1/2/3) Annual ICT Security Report 2023-24 (3.4.8.7.1/2/3) Annual Health & Safety Report 2023-24 (3.4.8.7.1/2/3)	2023-24 (3.4.8.7.1/2/3) Annual Insurance Report 2023-24 (3.4.8.7.1/2/3)		
Risk Management (3.4.8.8)			Climate Change Update (3.4.8.8.3) (provisional)	Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)		Annual Review of Risk Management Framework (3.4.8.7.1/2) (3.4.8.8.1) Strategic Risk Register Update (3.4.8.7.1/2) (3.4.8.8.1)
Countering Fraud and Corruption (3.4.8.9)		Annual Counter Fraud, Bribery and Corruption Report 2023-24 (3.4.8.9.4/5/6) National Fraud Initiative 2022-24 Outcomes – Progress Report (3.4.8.9.6)	Annual Counter Fraud, Bribery and Corruption Report 2023-24 (3.4.8.9.4/5/6) <i>Annual Concerns, Complaints & Whistleblowing Report 2023-24</i> (3.4.8.9.1) (3.4.8.14.2)		Counter Fraud, Bribery and Corruption Strategy 2025-28 (3.4.8.9.2/3)	

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Internal Audit (3.4.8.10)	Annual Internal Audit Report 2023-24 (3.4.8.10.5/6/7/8/11/14/15) (3.4.8.6.3) Internal Assessment of Conformance with the Public Sector Internal Audit Standards (3.4.8.10.1/8/11/13)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues/Risks (3.4.8.10.9/10)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3)	Internal Audit Update Report (3.4.8.10.9/10) (3.4.8.6.3) Outstanding Issues/Risks (3.4.8.10.11) Annual Internal Audit Strategy 2025-26 (3.4.8.10.1/2/4/5) Review of Internal Audit Charter (3.4.8.10.2/12)
External Audit (3.4.8.11)	Work Programme and Timetable – Quarterly Update (Q4 2023) (3.4.8.11.2/3) Annual Audit Plan 2024 (3.4.8.11.1/3)		Work Programme and Timetable – Quarterly Update (Q1 2024) (3.4.8.11.2/3)	Work Programme and Timetable – Quarterly Update (Q2 2024) (3.4.8.11.2/3) Audit of Accounts Report (3.4.8.11.2/3) (3.4.8.6.3) (3.4.8.12.4)	Work Programme and Timetable – Quarterly Update (Q3 2024) (3.4.8.11.2/3) Annual Audit Summary 2024 (3.4.8.11.1/2/3) (3.4.8.6.3)	Work Programme and Timetable – Quarterly Update (Q4 2024) (3.4.8.11.2/3)
Financial Reporting (3.4.8.12)		Draft Statement of Accounts 2023-24 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)		Final Statement of Accounts 2023-24 (3.4.8.12.1/2/3/5) (3.4.8.6.1/2/3)		

Core Function	27 June 2024	18 July 2024	19 September 2024	05 December 2024	11 February 2025	May 2025
Other regulators and inspectors (3.4.8.13)				National Reviews and their Related Recommendations (3.4.8.13.1)		
Complaints Handling (3.4.8.14)			Annual Concerns, Complaints & Whistleblowing Report 2023-24 (3.4.8.14.1/2) Annual Letter of the Public Services Ombudsman for Wales 2023-24 (3.4.8.14.1)			
Self-assessment (3.4.8.15)		Review of the Draft Annual Corporate Self-assessment report 2023-4 (3.4.8.15.1/2/3)				
Performance Panel Assessment (3.4.8.16) ¹						
Auditor General Special Inspection (3.4.8.17) ²						

¹ At least once during an electoral cycle a panel performance assessment will take place in the period between ordinary elections of councillors to the council. The council may choose to commission more than one panel assessment in an electoral cycle, but it is not a requirement of the legislation. (The Local Government and Elections (Wales) Act 2021). The council must make a draft of its response to the panel performance assessment available to its Governance and Audit committee, which must then review the draft response and may make recommendations for changes to the response to the panel assessment.

² If the Auditor General carries out a special inspection (as it considers the Council is not, or may not, be meeting its performance requirements, and a report is sent to Council, as soon as reasonably practicable after receiving such report, the Council must make it available to the Governance and Audit Committee.

Appendix B – Training Programme (3.4.8.2.10)

Committee-specific training

Area	Date last provided	Medium	Provider	Date provided / scheduled	Attendance
Understanding Local Authority Accounts for Councillors	June 2023 August 2023				
Treasury Management (3.4.8.5.2)	September 2023				
Effective Chairing Skills	October 2023				
Countering Fraud and Corruption	December 2023				
Risk Management	March 2024				

Mandatory training

Area	Medium	Provider	Date Provided / Scheduled
General Data Protection Regulations (GDPR)	eLearning	Internal	Available any time
Cyber Ninjas for Councillors ³	eLearning	Internal	Available any time
Basic Safeguarding Awareness (Group A)	eLearning	Internal	Available any time
Violence Against Women, Domestic Abuse and Sexual Violence (optional for lay members)	eLearning	Internal	Available any time
Prevent (optional for lay members)	eLearning	Internal	Available any time
Modern Slavery (optional for lay members)	eLearning	Internal	Available any time

³ The licence for this module has come to an end. The Council is in the early stage of extending the licence by means of grant-funding.

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