

ISLE OF ANGLESEY COUNTY COUNCIL		
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE	
DATE:	26 JULY 2022	
SUBJECT:	SUMMARY OF DRAFT STATEMENT OF ACCOUNTS 2021/22	
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WYN WILLIAMS - PORTFOLIO HOLDER (RESOURCES)	
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES)	
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LOCAL MEMBERS:	n/a	
A - Recommendation/s and reason/s		
<p>This report presents the draft Statement of Accounts for 2021/22.</p> <p>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.</p> <p>Recommendations:-</p> <ol style="list-style-type: none"> That the Governance and Audit Committee scrutinise and note the draft unaudited main financial statements for 2021/22. 		
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?
1	Chief Executive / Strategic Leadership Team (SLT) (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 2021/22. 		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2021/22 Revenue Budget outturn report 28 June 2022 to the Executive. 		

1. PURPOSE

This report presents the Isle of Anglesey County Council's draft Statement of Accounts for the financial year 2021/22.

2. BACKGROUND

2.1 Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that the Responsible Financial Officer of the Isle of Anglesey County Council sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations require that this be completed by 31 May 2021.

2.2 The 2021/22 statutory deadlines are shown in the table below along with the extended deadlines provided by Welsh Government. Welsh Government have recognised that while Councils are learning to live Covid-19, the virus continues to have an ongoing impact on local authority staff resources and there may be additional work to finalise the accounts this year. Authorities may, therefore, wish to prepare their accounts to the extended timetable.

Draft Statement of Accounts 31 August 2022
Audited Statement of Accounts 30 November
2022

2.3 The full draft Statement of Accounts 2021/22 is presented below as Appendix 2. The final audited accounts will be presented to Governance and Audit Committee and full Council by 30 November 2022.

3. THE DRAFT COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2021/22

3.1 The draft Comprehensive Income and Expenditure Statement (CIES) 2021/22 is presented on page 9, within Appendix 2.

3.2 This statement shows the cost of providing services in the year in accordance with the statutory accounting requirements and covers both the Council Fund and the Housing Revenue Account (HRA) in one financial statement. The cost of services in this statement differ from that reported for draft outturn to the Executive on 28 June 2022 because of statutory accounting adjustments such as depreciation and pension adjustments which do not affect outturn, so the outturn report and the CIES are not directly comparable.

3.3 The CIES shows that the net cost of services was £147.691m, with the surplus of £5.940m on the provision of services. The Government accepts that council tax payers should not be required to fund accounting adjustments such as depreciation. Therefore, local authority accounts exclude the impact of these in the note called Adjustments between Accounting Basis and Funding Basis under Regulations (Note 7 in the Authority's Statement of Accounts, page 17). This note for 2021/22 shows £11.852m of accounting adjustments which are cancelled out in the Movement in Reserves Statement (MIRS). This means that the true impact on the Council and HRA reserves from the provision of services is reduced from a surplus on the provision of services of £5.940m to a surplus of £17.792m, which is an increase in Council reserves. This is shown in the total usable reserves column in the MIRS on page 11 of the accounts. This is due to an underspend on the Council Fund and Housing Revenue Account (HRA) and transfers into earmarked reserves.

3.4 In addition, there is a surplus of £77.475m on other comprehensive income and expenditure from accounting adjustments relating to the revaluation of non-current assets, such as Land and Buildings, and the re-measurement of the Pension Liability. The total comprehensive income and expenditure on the CIES is a surplus on services of £83.415m.

- 3.5** The Revenue Budget Monitoring Report, Quarter 4 2021/22, 28 June 2022, highlighted an estimated net underspend of £4.798m for the Council Fund (page 1 of report). The statement of accounts also highlights that the Council Fund underspend is £4.798m at the start of audit period on page 5. However, this may be subject to change if the auditors recommend any post-audit adjustments. The Council Fund General Reserve will increase by this amount from the financial performance of the Council in 2021/22.

Table 1 below shows the movement in the Council's usable reserves during the year, and the balance of all usable reserves as at 31 March 2022 was £57.772m, an increase of £17.792m. It should be noted that the HRA Reserve, School Balances and Capital Receipts Reserve are ring fenced reserves and can only be used for the designated purpose.

Table 1 - Movements from the Council Fund General Reserve during 2021/22

	Council Fund General Reserve	Council Fund Earmarked Reserves	Housing Revenue Account (HRA) Reserve	School Reserves	Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2021/22	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2021	(11,437)	(14,079)	(9,723)	(3,974)	(767)	(39,980)
Net overspend / (underspend) 2021/22	(4,798)	-	(3,345)	(3,853)	(1,614)	(13,610)
Council Balance after overspend / (underspend)	(16,235)	(14,079)	(13,068)	(7,827)	(2,381)	(53,590)
Net transfers from / (to) Reserves for approved funding	4,185	(9,102)	735	-	-	(4,182)
General Reserve Balance at 31 March 2022	(12,050)	(23,181)	(12,333)	(7,827)	(2,381)	(57,772)

- 3.6** Table 1 above is a summary of the movement in the reserves due to the financial performance of the year and net movements to / from reserves. Table 2 below summarises the movement in reserves using information from the Statement of Accounts. This is a different way to present it, but both tables 1 and 2 result in the same reserve balances.

Table 2 - Movement in Council Fund and HRA Reserves

Analysis of the Movement in Council Fund and HRA General Reserves 2021/22	Council Fund £m	HRA £m	Total £m
Opening general reserve 1 April 2021	(11.437)	(9.723)	(21.160)
Net surplus on the provision of services (Statement of Accounts page 17)	1.190	(7.130)	(5.940)
Statutory accounting adjustments cancelled out in the MIRS (page 11 and page)	(14.023)	3.785	(10.238)
Net balance before transfers from earmarked reserves to fund earmarked costs within cost of service	(24.270)	(13.068)	(37.338)
Use of earmarked reserves to fund earmarked costs within the cost of services (excluding movements between the general reserve and earmarked reserves noted above)	12.220	735	12.955
Council Fund General Reserve Balance as at 31 March 2022	(12.050)	(12.333)	(24.383)
Remaining balances within earmarked reserves and school balances	(33.389)	-	(33.389)
Total Usable Reserves available to the Council 31 March 2022	(45.439)	(12.333)	(57.772)

3.7 In the full Council meeting of 9 March 2021, the recommended minimum General Reserve balance was set at £7.3m. The General Reserve at 31 March 2022 was £12.050m, which is above the minimum and there are £23.181m of earmarked reserves relating to the Council Fund. These balances are draft and might be subject to change for any post-audit adjustments.

During 2021/22 Welsh Government reduced covid-19 restrictions as the country moved to the learning to live with Covid-19 phase. The Council still incurred £5.736m on Covid-19 related costs and lost income due to Covid restrictions. Welsh Government provided grant funding of £5.736m to cover these additional Covid costs and reimbursed the Council for £0.417m of income losses. Demand for Council services were still distorted by the impact of the virus which resulted in large underspends at 31 March 2022. It is likely that it will take time for the true levels of demand to become evident. The Council's reserves will help cushion the impact of the future likely increases in demand for Council services. The impact of significant inflationary increases and other pressures from the invasion of Ukraine on the UK make robust Council reserves more important.

4. DRAFT BALANCE SHEET AS AT 31 March 2022

4.1 The draft Balance Sheet as at 31 March 2022 is presented on page 12, within Appendix 2.

4.2 The draft overall net assets of the Council increased from £164.162m as at 31 March 2021 to £247.577m as at 31 March 2022. This is due to: the Council's investment in new assets and refurbishment of existing assets, revaluation of other Council assets and increased current assets such as cash, cash equivalents and short-term investments. In addition to the Council's assets increasing, liabilities reduced with the most significant being the reduction of the valuation of the pension liability by £55m due to the pension fund's assets performing better than expected and a change in the actuary's assumptions due to increasing interest rates.

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 3 below:-

Table 3 – Movement in Earmarked Reserves 2021/22

	Earmarked Reserves £'m
Balance as at 1 April 2021	14.079
Net movement on existing reserves	(0.269)
Proposed new reserves created during the year from revenue	9.371
Balance as at 31 March 2022	23.181

6. SCHOOL BALANCES

6.1 Table 4 provides a summary of school balances which amounted to £7.827m at 31 March 2022 (£3.974m at 31 March 2021). The increase of £3.853m in school balances is significant and reflects a pattern being reported by other authorities. The reasons for the increase are due to additional Welsh Government grants and the continuing impact of covid-19 on demand in 2021.

Table 4 – Summary of School Balances

Sector	Balance as at 1 April 2021 £'000	Movement in Year £'000	Closing Balance as at 31 March 2022 £'000
Primary	3,057	1,883	4,940
Secondary	977	1,812	2,789
Special	(60)	158	98
TOTAL	3,974	3,853	7,827

7. HOUSING REVENUE ACCOUNT (HRA) BALANCE

7.1 The opening balance of the HRA Account as at 1 April 2021 was £9.723m. During the year, a surplus of £7,130m was generated on revenue activities and £4.344m (net of grants) was spent on capital works and the acquisition / development of new properties. This gives a net surplus of £2.610m and an increase in the HRA balance to £12.333m. This balance is available to fund future investment in the HRA stock.

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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 7 to ensure that these adjustments are not funded by Council Tax Payers. 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 at 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.
6. **Notes to the Accounts** – the notes to the core Financial Statements provide more details about the Council's accounting policies and items contained in the statements.
7. **The Statement of Responsibilities for the Statement of Accounts** – explains the responsibilities of the Council and the Section 151 Officer.
8. **The Housing Revenue Account (HRA)** is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. The Housing Revenue Account is ring-fenced from the Council's General Fund.

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 70,000, 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 30 elected Members representing 11 multi-Member wards at 31 March 2022. 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. The new Council includes 5 additional Councillors and 3 additional wards. These are needed to help meet all the work demands on elected Members. The Council's key aim is to work towards an Anglesey that is healthy and prosperous where families can thrive.

The Transitional Plan 2022/23

The Council Plan 2017-22 expired on 31 March 2022. A new Transitional Plan 2022/23 was published to help the Council plan for the transition into learning to live with Covid-19.

The plan informs the decision-making process at all levels in the Council, and:-

- Sets the framework we use to plan, drive and deliver our services;
- Influences how and the way that we shape our budget annually; and
- Helps to monitor progress and assess what we achieve annually.

The key theme throughout the plan is the ambition to work collaboratively with our fellow citizens, communities and partners to ensure high quality services that will improve the quality of life for everyone on the Island.

The priorities that the Authority has set itself during this period are:-

- Re-energising the local economy and embedding positive economic change;
- Enabling the visitor and hospitality sectors to capitalize on the Island's increased popularity, whilst protecting our assets and communities;
- Maintaining and modernising critical community services, such as care and education, across the Island.

The plan summarises the actions the Council undertook in response to the Pandemic and acknowledges that adapting for the next stage in the response to the virus with reduced restrictions and increased uncertainty will continue to be challenging, and the above priorities were developed with this in mind. The plan also highlights the Council's continuing commitment to achieving the Council's well-being objectives and national goals which will help the Council achieve its vision of "an Anglesey which is healthy and prosperous where families can thrive".

<https://www.anglesey.gov.wales/en/Council/Measuring-our-performance/Council-Plan-and-performance.aspx>

In addition to the Transitional Plan 2022/23, the Council is consulting with citizens of Anglesey and other stakeholders on a more medium-term Council Plan for the five year period 2022/27. This will align with the priorities of the new Council elected in May 2022.

Financial Scenario

All 22 councils in Wales received a better than expected funding settlement from Welsh Government for 2021/22, at an all Wales average of an increase of 3.8%, with Anglesey receiving an increase of 3.4%. The final settlement for the next financial year, 2022/23, is significantly higher at 9.2%. This will help the Council increase funding for demand-led services, such as social care, and will be used to increase capacity in services which had been subject to nearly a decade of budget cuts. In addition, it will 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 increased budget will also help fund the additional inflationary pressures which are affecting all aspects of society.

The Council will continue to look for ways to improve services, making them more efficient and of the best quality. These improvements include continuing to modernise the way we work.

There are many challenges ahead, with the biggest challenge for the Authority, its partners as well as communities, being the wide-reaching health, wellbeing and economic impact of the Coronavirus. The Council, working together with the people, communities and partner agencies of Anglesey, is doing all it can to protect businesses, employees and support vulnerable individuals from this uniquely serious crisis.

The Budget

The Council's Budget and Medium Term Financial Strategy for 2021-22 was adopted by the Council at its meeting on 9 March 2021, 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:-

<http://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=127&MId=3680&Ver=4&LLL=0> –
Item 10

The settlement was better than anticipated and would provide the Council with £104.825m, which is an increase in cash terms of £3.545m (3.5%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's tax base, the adjusted increase was £3.456m (3.4%). However, the allocation from Welsh Government changed during the year, with additional funding of £1.389m being provided through the Revenue Settlement Grant (RSG). Council tax was set at an increase of 2.75%, which meant that the charge for a Band D property would be £1,340.64.

The revenue budget set was as £147.420m. The Council also resolved to approve the Capital Strategy 2021/22 and the Initial Capital Programme 2021/22 of £36.155m, as well as the Treasury Management Strategy Statement for 2021/22.

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

*****[Link to the Annual Performance Report](#)***** when available

Revenue Expenditure 2021/22

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 2021/22, the Council reported an underspend of £4.798m against a planned activity of £147.120m (net budget).

Covid-19 has had a significant effect on the Council's finances, £6.153m has been claimed from the Hardship Fund by the end of the year. This is split into £5.736m for additional costs and Income losses of £0.417m.

A significant number of Grants were received late in the financial year, which has resulted in the financial position being better than anticipated. These include waste grants, Social Service pressures grants and additional revenue support grant.

The table below reflects the final budget for 2021/22 and actual income and expenditure against it:-

Services	Annual Budget £'000	Outturn £'000	Variance £'000
Lifelong Learning	54,816	54,560	(256)
Adult Services	27,736	27,599	(137)
Children's Services	11,196	10,832	(364)
Housing	1,244	1,117	(127)
Highways, Waste, Property	16,079	14,817	(1,262)
Regulation	4,352	3,654	(698)
Transformation	5,871	5,483	(388)
Resources	3,243	3,019	(224)
Council Business & Corporate Finance	22,583	21,241	(1,342)
Total Council Fund	147,120	142,322	(4,798)

The impact of an underspend means that the Council increased its general reserves by £4.798m.

However, the CIES and the removal of accounting adjustments which are detailed in Note 7, the Expenditure and Funding Analysis and Movement in Reserves, when added together, show the impact for the year on Council funds.

The table below shows that, when all the accounting adjustments (detailed in Note 7) are cancelled out, there was an underspend (surplus of income over expenditure) of £8.143m. This, therefore, led to an increase in Council usable balances to £57.772m.

	£'000
Council usable reserves/balances 1 April 2021	(39,980)
Deficit/(Surplus) on the Provision of Services 2020/21 - CIES	(5,940)
Adjustments to remove impact of accounting adjustments which do not affect the Council Fund - See Note 7	(11,852)
Revised Deficit/(Surplus) affecting Council Balances (including HRA)	(17,792)
Council Usable Reserves/Balances 31 March 2022	(57,772)

Summary of Movements in Council Reserves 2021/22

	Council Fund General Reserve	Council Fund Earmarked Reserves	Housing Revenue Account (HRA) Reserve	School Reserves	Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2021/22	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2021	(11,437)	(14,079)	(9,723)	(3,974)	(767)	(39,980)
Net overspend/(underspend) 2021/22	(4,798)	-	(3,345)	(3,853)	(1,614)	(13,610)
Council Balance after overspend/(underspend)	(16,235)	(14,079)	(13,068)	(7,827)	(2,381)	(53,590)
Net transfers from/(to) Reserves for approved funding	4,185	(9,102)	735		-	(4,182)
General Reserve Balance at 31 March 2022	(12,050)	(23,181)	(12,333)	(7,827)	(2,381)	(57,772)

Capital Expenditure

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

In March 2021, the Council approved a Capital Programme for non-housing services of £15.842m for 2021/22, and a Capital Programme of £20.313m for the Housing Revenue Account (HRA). In addition, in June 2021, the Executive approved capital slippage of £11.898m to be brought forward from 2020/21, bringing the Capital Programme for non-housing services to £25.492m, and £22.561m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, which amounted to £15.445m. This brings the total Capital budget for 2021/22 to £63.498m.

The programme has made steady progress in year, achieving a delivery rate of 52.8%. It is expected that most of the remaining schemes will be delivered over the coming few years. From this total spend of £33.457m, £25.912m 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 (£1.790m) or did not increase the value of the capital assets (£5.755m).

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

Services	2021/22 £'000	2020/21 £'000
Lifelong Learning	8,833	3,878
Adult Services	923	880
Housing	1,019	1,212
Housing HRA	9,723	12,622
Highways, Waste, Property	9,700	11,000
Regulation	2,465	2,766
Transformation	794	771
Total	33,457	33,129

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

Funded By	Amount £'000	Percentage %
Unsupported Borrowing	2,485	7.4%
Supported Borrowing	1,764	5.3%
Capital Grants	22,486	67.2%
Capital Receipts	312	0.9%
Revenue Contribution	4,484	13.4%
Loan	531	1.6%
Capital Reserve	1,395	4.2%
Total	33,457	100%

As at 31 March 2022, the Authority had £125.349m of External Borrowing (excluding accrued interest of £1,892m). At this time, the Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £137.804m. In the Treasury Management Strategy Statement for 2021/22, the Authorised Borrowing Limit approved by the Council was £183m, 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 2022 stood at £12.050m, which equates to 8.2% of the net revenue budget for 2021/22. The Council's financial strategy aims to hold a minimum of 5% of the net revenue budget as General Balances (£7.4m). As a result, the Council's General Balance is higher than the target. During the year, the recommended Minimum Council Fund general reserve was increased to £9m due to uncertainty arising from Covid-19 and the potential for increased demand for the Council's services as Covid-19 restrictions were relaxed.

The financial performance for 2021/22 showed a net underspend of £4.798m and was due to receipt of funding from the Welsh Government during the pandemic and the services provided to the public was limited.

Housing Revenue Account

The Council's Housing Revenue Account balance stood at £12.333m as at 31 March 2022. 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. Any significant reduction in the HRA reserve as a result of the pandemic will lead to a reduction in the planned new development programme.

Coronavirus

The Welsh Government has provided various grants and financial support throughout the pandemic. This financial year, the Council has claimed £6.153m in additional funding, of which £4.144m has been received by 31 March 2022.

Analysis of the amount received can be obtained in the Revenue Outturn Report presented to Executive 28th June 2022.

<https://democracy.anglesey.gov.uk/ieListDocuments.aspx?CId=134&MIId=4022&Ver=4&LLL=0>

Provisions

The Council's total provisions amounted to £5.047m at 1 April 2021. During the year, the balance increased by £0.096m to £5.143m. Insurance coverage was increased to £0.387m in line with estimated need. The total short-term provisions amounted to £0.504m, to accommodate expected future costs that may arise from past liabilities. A total of £0.045m of Penhesgyn provision was used to fund costs relating to the landfill site during 2021/22.

Details of the movements in provisions are shown in Note 25 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 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.

The Movement-in-Reserves Statement and the Comprehensive Income and Expenditure Statement show the pensions benefits earned in the year, adjusted as necessary to reflect that part of the pensions costs that is not met from Council Taxpayers. The net liability has decreased by £55.062m to £121.199m in 2021/22. However, £111k of this relates to pensions liabilities for the Council's share of the North Wales Economic Ambition Board joint committee. Details regarding pensions can be seen in Note 38.

Working with Partners

The Council is currently working in partnership with the five other North Wales Local Authorities on the North Wales Economic Ambition Board (NWEAB). The board has been awarded over £240m of UK and Welsh Government funding, along with private sector investment. The board started to receive some of this funding in 2021/22. As with any large-scale funding projects, there are risks surrounding project delivery and financing any borrowing that is required. The Council is also working with Welsh Government on the construction and provision of business units. The Penrhos Business Units phase 1 project is complete with all units let to business customers. Additional units will be constructed under phase 2 of the Penrhos project. These two phases have helped secure external funding for a phase 3 for the construction of more business units though phase 3 is not part of the joint venture.

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.

Changes in Accounting Policy

The only change to the Council's Accounting Policies for 2021/22 is the change in the number of years Infrastructure Assets are depreciated for on a straight-line basis, from up to 30 years to up to 45 years. This will better reflect the useful economic lives of some infrastructure assets. The Statement of Accounts is supplemented with the Annual Governance Statement (AGS) 2020/21. The AGS provides an overview of the Council's governance framework. It also provides a summary of reports and reviews which comment on governance and performance issues relating to the Council, and is presented alongside the Statement of Accounts.

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 2022:-

Signed:

**Richard Marc Jones FCPFA
DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER**

Signed:

**Councillor Dafydd Roberts
CHAIR ISLE OF ANGLESEY COUNTY COUNCIL**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2022

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.

2021/22			Services	Note	2020/21		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
77,393	(18,415)	58,978	Lifelong Learning		70,172	(16,017)	54,155
46,598	(16,887)	29,711	Adult Services		43,090	(14,175)	28,915
18,826	(6,201)	12,625	Children's Services		14,914	(4,141)	10,773
8,214	(6,484)	1,730	Housing		7,373	(6,091)	1,282
31,519	(9,192)	22,327	Highways, Property and Waste		28,647	(9,055)	19,592
14,734	(9,333)	5,401	Regulation and Economic Development		11,420	(6,513)	4,907
6,653	(291)	6,362	Transformation		5,754	(416)	5,338
31,969	(22,723)	9,246	Resources		34,142	(25,642)	8,500
2,337	(427)	1,910	Council Business		1,962	(334)	1,628
2,996	(781)	2,215	Corporate and Democratic Costs		3,843	(1,792)	2,051
588	-	588	Corporate Management		522	-	522
26	-	26	Non-distributed costs		7	-	7
16,029	(19,457)	(3,428)	Housing Revenue Account (HRA)		18,358	(19,080)	(722)
257,882	(110,191)	147,691	Deficit on Continuing Operations		240,204	(103,256)	136,948
		17,076	Other operating expenditure	11			14,801
		9,559	Financing and investment income and expenditure	12a			9,405
		(180,266)	Taxation and non-specific grant Income	13			(171,473)
		(5,940)	(Surplus)/Deficit on Provision of Services				(10,319)
		(5,412)	Surplus on revaluation of non-current assets	10c			(10,039)
		(72,063)	Re-measurement of net Pension liability	10c & 41			44,483
		(77,475)	Other Comprehensive Income and Expenditure				34,444
		(83,415)	Total Comprehensive Income and Expenditure				24,125

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 tax payers and Council funds, these costs are cancelled out in the EFA and are also shown in the Movement in Reserves Statement (MIRS) and note 7. These are shown in column B in the EFA called Adjustments between Funding and Accounting Basis. Column A on the EFA shows the costs properly incurred against Council Funds. This shows a surplus balance it is calculated by deducting column B from the CIES net expenditure in column C. This helps to identify usable Council balances, without these accounting adjustments. The impact of these statutory accounting adjustments is shown in the unusable reserves column in the Movement in Reserves Statement. Note 1a summarises the type of accounting adjustments which are not funded by the Council.

2021/22			Services	2020/21		
Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C		Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C
£'000	£'000	£'000		£'000	£'000	£'000
49,692	9,286	58,978	Lifelong Learning	47,257	6,898	54,155
26,225	3,486	29,711	Adult Services	26,953	1,962	28,915
10,953	1,672	12,625	Children's Services	9,921	852	10,773
1,146	584	1,730	Housing	1,073	209	1,282
14,829	7,498	22,327	Highways, Property and Waste	13,825	5,767	19,592
2,857	2,544	5,401	Regulation and Economic Development	3,020	1,887	4,907
5,133	1,229	6,362	Transformation	4,446	892	5,338
8,433	813	9,246	Resources	8,069	431	8,500
1,555	355	1,910	Council Business	1,463	165	1,628
2,219	(4)	2,215	Corporate and Democratic Costs	1,271	780	2,051
588	-	588	Corporate Management	522	-	522
-	26	26	Non-distributed costs	-	7	7
357	(3,785)	(3,428)	Housing Revenue Account (HRA)	2,463	(3,185)	(722)
123,987	23,704	147,691	Net Cost of Services	120,283	16,665	136,948
(141,779)	(11,852)	(153,631)	Other Income and Expenditure	(134,318)	(12,949)	(147,267)
(17,792)	11,852	(5,940)	(Surplus) or Deficit on the Provision of Services	(14,035)	3,716	(10,319)
(39,980)			Opening General Fund and HRA balance at 1 April	(1)		
				(25,944)		
(17,792)			Less Surplus on General Fund and HRA Balance in Year	(14,035)		
(57,772)			Closing Council Fund Balances and HRA Balance at 31 March	(39,980)		

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2022

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 £'000	Earmarked Council Fund Reserves (Note 8) £'000	HRA Balance (Supplementary Financial Statements) £'000	Capital Receipts Reserve (Note 9) £'000	Schools Balances £'000	Total Usable Reserves £'000	Total Unusable reserves (Note 10) £'000	Total Reserves (of the Council) £'000
Balance 1 April 2020	7,060	8,760	8,597	1,330	197	25,944	162,342	188,286
Movement in reserves during the year								
Adjustment to opening balance	1					1		1
Surplus/(Deficit) on provision of services	5,978	-	4,341	-	-	10,319	-	10,319
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(34,444)	(34,444)
Total Comprehensive Income and Expenditure	5,979	-	4,341	-	-	10,320	(34,444)	(24,124)
Adjustments between accounting basis and funding basis under regulations (Note 7)	7,464	-	(3,185)	(563)	-	3,716	(3,716)	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	13,443	-	1,156	(563)	-	14,036	(38,160)	(24,124)
Transfers to/(from) Earmarked Reserves (Note 8)	(9,066)	5,319	(30)	-	3,777	-	-	-
(Decrease) / Increase In Year	4,377	5,319	1,126	(563)	3,777	14,036	(38,160)	(24,124)
Balance 31 March 2021	11,437	14,079	9,723	767	3,974	39,980	124,182	164,162
Movement in reserves during the year								
Adjustment to opening balance								
Surplus/(Deficit) on provision of services	(1,190)	-	7,130	-	-	5,940	-	5,940
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	77,475	77,475
Total Comprehensive Income and Expenditure	(1,190)	-	7,130	-	-	5,940	77,475	83,415
Adjustments between accounting basis and funding basis under regulations (Note 7)	14,023	-	(3,785)	1,614	-	11,852	(11,852)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	12,833	-	3,345	1,614	-	17,792	65,623	83,415
Transfers to/(from) Earmarked Reserves	(12,220)	9,102	(735)	-	3,853	-	-	-
(Decrease) / Increase In Year	613	9,102	2,610	1,614	3,853	17,792	65,623	83,415
Balance 31 March 2022	12,050	23,181	12,333	2,381	7,827	57,772	189,805	247,577

BALANCE SHEET AS AT 31 MARCH 2022

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 2022 £'000	31 March 2021 £'000
Property, plant and equipment	14	442,507	431,263
Heritage assets	16	2,283	2,265
Investment property	17	6,117	5,619
Intangible assets		472	505
Long-term debtors	22	109	111
Long-term Assets		451,488	439,763
Assets held for sale	19	672	461
Inventories	21	296	339
Short-term debtors	22	36,021	34,283
Short-term Investments	41a	7,500	-
Cash and cash equivalents	23	44,478	28,740
Current Assets		88,967	63,823
Short-term borrowing	41	(4,564)	(2,158)
Short-term creditors	24	(31,142)	(28,035)
Short-term provisions	25	(504)	(363)
Grants receipts in advance	34	(7,990)	(3,509)
Current Liabilities		(44,200)	(34,065)
Long-term creditors	24	(163)	(156)
Long-term provisions	25	(4,639)	(4,684)
Long-term borrowing	41	(122,677)	(124,258)
Other long-term liabilities	38	(121,199)	(176,261)
Long-term Liabilities		(248,678)	(305,359)
Net Assets		247,577	164,162
Usable reserves	MIRS	57,772	39,980
Unusable reserves	10	189,805	124,182
Total Reserves		247,577	164,162

CASH FLOW STATEMENT – FOR YEAR ENDED 31 MARCH 2022

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	2021/22 £'000	2020/21 £'000
Net Deficit on the provision of services		5,940	10,319
Non Cash Items charged to the Income and expenditure Accounts	26	52,425	43,680
Cash items not Charged to the Income & Expenditure Account	26	(10,283)	(9,851)
Movements in Net Current Assests	26	5,998	7,358
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(22,633)	(19,901)
Net cash flows from operating activities		31,447	31,605
Net cash flows from investing Activities	27	(16,534)	(11,065)
Net cash flows from financing activities	28	825	(14,845)
Net (decrease)/increase in cash and cash equivalents		15,738	5,695
Cash and cash equivalents at the beginning of the financial year		28,740	23,045
Cash and cash equivalents at the end of the financial year	23	44,478	28,740

NOTES TO THE ACCOUNTS

NOTE 1 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2021/22

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	6,222	3,064	-	9,286
Adult Services	555	2,931	-	3,486
Children's Services	145	1,527	-	1,672
Housing	58	526	-	584
Highways, Property and Waste	5,996	1,502	-	7,498
Regulation and Economic Development	942	1,602	-	2,544
Transformation	455	774	-	1,229
Resources	16	797	-	813
Council Business	-	355	-	355
Corporate and Democratic Costs	531	(535)	-	(4)
Corporate Management	-	-	-	-
Non-distributed costs	-	26	-	26
Housing Revenue Account (HRA)	(4,571)	777	9	(3,785)
Net Cost of Services	10,349	13,346	9	23,704
Other Income and Expenditure from the Funding Analysis	(15,669)	3,654	163	(11,852)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(5,320)	17,000	172	11,852

2020/21

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	5,550	1,174	174	6,898
Adult Services	481	1,152	329	1,962
Children's Services	139	573	140	852
Housing	11	192	6	209
Highways, Property and Waste	5,078	575	114	5,767
Regulation and Economic Development	1,075	569	243	1,887
Transformation	569	289	34	892
Resources	16	323	92	431
Council Business	1	140	24	165
Corporate and Democratic Costs	1,697	(940)	23	780
Non-distributed costs	-	7	-	7
Housing Revenue Account (HRA)	(3,534)	292	57	(3,185)
Net Cost of Services	11,083	4,346	1,236	16,665
Other Income and Expenditure from the Funding Analysis	(15,861)	2,912	-	(12,949)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(4,778)	7,258	1,236	3,716

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 2021/22 (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:-

- Annual improvements to IFRS Standards 2018-2020 – the only improvement relevant to the Isle of Anglesey Council is IAS 37 (Onerous contracts) and CIPFA/LASAAC does not envisage the improvement having a significant effect on local authority statements.
- Property, Plant and Equipment: proceeds before intended use (amendments to IAC16)

The Code requires implementation from 1 April 2022 and therefore there is no impact on the 2021/22 Statement of Accounts, and none of the new or amended standards within the 2022/23 Code are expected to have a material impact on the information provided in the financial statements.

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.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 47, 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 2022 may be considered to be most vulnerable for estimating error in the forthcoming financial year:-

Non-Current Assets - Property, Plant and Equipment – 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 14.

Provisions – The Council has made provision 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 25.

Pensions Liability – The Pension Liability position, as contained within the accounts, 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 38.

Impairment Loss Allowance – As at 31 March 2022, the Council had a net debtor balance of £36.130m. A review of arrears balance suggested that impairment for doubtful debts of £6.799m 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 22.

Fair Value Measurement – The majority of the Council's assets are measured at Fair Value, with the exception of infrastructure, community assets and assets under construction which are valued at depreciated historical cost. Note 47 sections 7 and 8 provides further information on this.

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

- In note 42b (was 42c previously) the cost of accumulated absences has been reclassified out of Financial Liabilities in order to make the note more accurate. Accumulated absence costs relate to the estimated value of annual leave owed to staff for the financial year 2021/22 which have not been used by 31 March 2022. The value of accumulated absences reported in note 42c as at 31 March 2020 was £2.686m. The 2020/21 comparator figure has been restated and in note 24 Creditors note.
- Note 42b has also been amended to show trade and other creditors combined as they all relate to creditors defined by IFRS9 as Financial Liabilities i.e. amounts owed to suppliers for works/services in relation to the provision of Council Services.

NOTE 5 – MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income or expenditure that have not been disclosed elsewhere in the accounts.

NOTE 6 – EVENTS AFTER BALANCE SHEET DATE

The Draft Statement of Accounts was authorised for issue by the Council's Section 151 Officer on 15 June 2022.

There were no significant events which took place between 31 March 2022 and 17 June 2022 when the draft Statement of Accounts were signed.

NOTE 7 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2021/22	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:				
<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	15,589	6,088		(21,677)
Revaluation losses on Property, Plant and Equipment	(679)	-		679
Movements in the market value of Investment Properties loss/(gain)	94	-		(94)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(15,326)	(5,380)		20,706
Revenue expenditure funded from capital under statute	10	-		(10)
Derecognition - replaced parts	3,246	-		(3,246)
Carrying amount of non-current assets sold	804	-		(804)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum Revenue Provision for Capital Funding	(2,752)	(784)		3,536
Capital expenditure charged against the Council Fund and HRA balances	(1,395)	(4,484)		5,879
Adjustments involving the Capital Receipts Reserve:				
Proceeds from Sale of Non-Current Assets	(1,927)	-	1,927	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(313)	313
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	(27)	(11)	-	38
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	26,506	777	-	(27,283)
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,283)	-	-	10,283
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	163	9	-	(172)
Total Adjustments	14,023	(3,785)	1,614	(11,852)

2020/21	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:				
<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	14,673	9,993	-	(24,666)
Revaluation losses on Property, Plant and Equipment	(56)	(94)	-	150
Movements in the market value of Investment Properties loss/(gain)	541	-	-	(541)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(13,571)	(5,377)	-	18,948
Revenue expenditure funded from capital under statute	258	-	-	(258)
Derecognition - replaced parts	840	-	-	(840)
Carrying amount of non-current assets sold	673	-	-	(673)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Minimum Revenue Provision for Capital Funding	(2,696)	(800)	-	3,496
Capital expenditure charged against the Council Fund and HRA balances	(363)	(7,245)	-	7,608
Adjustments involving the Capital Receipts Reserve:				
Proceeds from Sale of Non-Current Assets	(953)	-	953	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(1,516)	1,516
Use of capital reserve to finance capital expenditure	-	-	-	-
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	(27)	(11)	-	38
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	16,817	292	-	(17,109)
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,851)	-	-	9,851
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Adjustments in relation to short-term compensated absences	1,179	57	-	(1,236)
Total Adjustments	7,464	(3,185)	(563)	(3,716)

NOTE 8 – EARMARKED RESERVES

	Balance as at	Transfers In	Transfers	Balance as at	Transfers In	Transfers	Balance as at
	01/04/2020	2020/21	Out	31/03/2021	2021/22	Out	31/03/2022
	£'000	£'000	2020/21	£'000	£'000	2021/22	£'000
Restricted Reserves - smaller service reserves less than £200k	2,854	604	(1,314)	2,144	1,030	(557)	2,617
Restricted Grants and Contributions - £200k or more				-			
Education - Commuted Sums	250	250	-	500	-	-	500
TRAC	173	95	-	268	-	(66)	201
COVID Business Grant Admin Fee	-	320	-	320	179	(499)	-
Restricted Grants and Contributions - each less than £200k	105	494	(23)	576	363	(298)	641
Larger earmarked reserves £200k or higher to reduce risk and/or for Business Process Improvements				-			
Recycling Process Income for Investment in future recycling costs and projects	635	-	-	635	-	-	635
Insurance (Catastrophe) Res	1,250	344	(344)	1,250	163	(72)	1,341
Revenue Contributions to Capital Unapplied	843	788	(424)	1,207	2,225	(1,325)	2,107
Cost Of Change	231	-	-	231	-	(50)	181
Schools Rationalisation	36	266	-	302	189	(300)	191
Furlough repayment to WG Hardship Fund relating to Catering Staff	-	399	-	399	-	(399)	0
Archaeological Works at Wylfa	-	625	-	625	-	-	625
Major Developments - Planning	392	-	-	392	-	-	392
Supporting People Administration	706	-	(146)	560	137	(141)	555
Affordable housing	251	203	-	454	-	(32)	421
Restricted Contingency Funded Projects	-	486	-	486	-	(486)	-
Social Care Staffing Contracts	272	-	-	272	-	-	272
Leisure Improvements	762	-	-	762	-	-	762
Service Childrens Services	-	200	-	200	74	-	274
Covid Recovery Planning	-	565	-	565	-	-	565
Digital Transformation	-	581	-	581	-	(497)	84
Support for Savings	-	581	-	581	-	(581)	-
Covid Hardship Funding Council Tax Collection	-	769	-	769	371	(356)	783
Departmental Service Reserves	-	-	-	-	1,092	(2)	1,090
NWREF Covid Economic Recovery	-	-	-	-	764	-	764
Education Sinking Fund for ICT Equipment	-	-	-	-	300	-	300
Additional Revenue Settlement - Response to Increase in Inflation	-	-	-	-	2,256	-	2,256
Trainee Scheme	-	-	-	-	219	-	219
Social Care Pressures	-	-	-	-	1,110	-	1,110
Cost of Living Discretionary Payments	-	-	-	-	585	-	585
Social Services - Electric Vehicles	-	-	-	-	200	-	200
Childrens Services - Teaching Assistants Contribution	-	-	-	-	200	-	200
Out of County Education	-	-	-	-	500	-	500
MRP Salix Loans Final Payments	-	-	-	-	216	-	216
Canolfan Addysg y Bont Substantial Roofing Works	-	-	-	-	3,000	(509)	2,491
Port Health Authority	-	-	-	-	100	-	100
Total	8,759	7,570	(2,251)	14,079	15,274	(6,172)	23,181

The more significant reserves are:

Educated commuted sums: contributions amounting to £500k have been provided by developers which must be used for the purpose of education capital improvements and/or other related education improvements in accordance with the planning conditions.

TRAC: is a project funded by Welsh Government to help vulnerable children and young people from disengaging in education to help improve their employment prospects. The balance of £201k from the grant will be used on the TRAC project in 2022/23 and beyond if required.

Recycling process income: any surplus income from recycling is transferred to this earmarked reserve for use on in funding future recycling costs and projects.

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.

Cost of Change Reserve: This reserve will be used in the future to fund changes in business processes and administration needed to improve efficiency and help meet Council priorities.

Schools Rationalisation Reserve: the Council in partnership with Welsh Government are committed to the Sustainable Communities for Learning Programme to modernise schools and help ensure the schools are sustainable well into the future. This reserve is to help fund revenue costs arising from the programme and rationalisation of schools.

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.

Major Developments – Planning: Surplus income from planning applications for major developments are set aside in this reserve to help the Council fund work to attract and support major developments on the Island and to respond to proposals for major developments as the statutory planning authority.

Supporting People Administration: this is used to fund the administration and management of supporting people projects and services provided.

Affordable housing: this reserve is to fund projects which increase affordable housing stock on Anglesey.

Social Care Staffing Contracts: This reserve is to fund additional agency costs where demand for social care services require additional staffing resources.

Leisure Reserve: 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.

Children Services Increased Demand Reserve: this is a reserve of £274k to help fund increased costs arising from demand for increased placements/complexity of placement.

Covid Recovery Planning: this reserve of £565k is to help fund the recovery phase in the Council's response to the continuing impact of the Covid-19 Pandemic.

Digital Transformation: this is a reserve to fund digital improvements as a result of the important role digital technology played during the Pandemic.

Covid Hardship Funding Council Tax Collection: it is likely that the financial impact from Covid-19 will impact on Anglesey residents into the medium-term. This reserve of £783k will help fund additional Council Tax benefits provided and help with any potential shortfall on the collection of Council tax in 2022/23 and beyond.

Departmental Service Reserves : This is a reserve which was created so that departments have their own service reserves to be able to undertake ad-hoc projects without having to ask for extra funding.

NWREF Covid Economic Recovery - This is a new reserve which aid the delivery of the economy in North Wales. This funding was received from Welsh Government late in the 2021/22 financial year.

Education Sinking Fund for ICT Equipment – This is a new reserve set up in order to facilitate the renewal of School ICT equipment when they reach end of life. Equipment originally purchased via the HWB Grant.

Additional Revenue Settlement – This is a new reserve in order for the Authority to be able to respond to increases in inflation during 2022/23

Trainee Scheme – This is a new reserve approved by Council to fund additional trainees. This will be utilised over the coming years depending on the number of trainees employed.

Social Care Pressures – This is a new reserve the purpose of the funding was to support local authorities with social care pressures from overspends and winter pressures. Given that Adult services underspent in the year to 31st March 2022, a decision has been taken to transfer the balance of this grant to an earmarked reserve as the pressures that we are already facing in 2022-23 (mainly due to significant fees increases) is deemed significant. This earmarked reserve will fund any future overspends as per the terms of the grant offer letter

Cost of Living Discretionary Payments – This is a new reserve which is the discretionary element of a much larger grant. Under the discretionary scheme, each local authority may use the funding to provide support to households it considers need assistance with their living costs. This support may take the form of payment to households not already covered in the main scheme, or it may cover the cost of essential services provided to households. These payments will be distributed to eligible applicants in 2022-23

Social Services – Electric Vehicles – Additional grant funding was received in 2021/22, £200k of which has been earmarked to fund electric vehicles for Social Services which will help towards the Council's target to become carbon neutral by 2030.

Children's Services – Teaching Assistants Contribution – The Executive committee agreed to transfer £200,000 from Children Services' underspend in 2020-21 to an earmarked reserve in order to fund a transformation programme in conjunction with the education service. It has been agreed that Children Services are to contribute £60,000 in 2022-23, £70,000 in 2023-24 and a further £70,000 in 2024-25 towards the cost of classroom assistants with the education service absorbing the additional costs in each of the three years. The aim of this programme is to reduce the number of looked after children with the emphasis on early intervention within schools.

Out of County Education – This is a new reserve created following on from the decision to realign the budget to 2021/22 expenditure levels. This reserve will be used to reduce the risk associated with the demand led budget and fund in-year unexpected increases.

MRP Salix Loans – Final Payments – This is a new reserve created to fund the final payment of the Salix Loan, which is an interest free loan that the Council agreed with a Welsh Government sponsored body to improve the energy efficiency of its buildings.

Canolfan Addysg y Bont Substantial Roofing Works – This is a new reserve created following the approval to use £3m from the General Reserves by Council to Fund works required to repair the roof at Canolfan Addysg y Bont. The balance of the reserve is net of the expenditure incurred during 2021/22.

Port Health Authority – This is a new reserve designated to support the new Port Health Authority to be situated in Holyhead

NOTE 9 – 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 £2.381m will be carried forward to 2022/23 to help fund next year's capital programme.

	2021/22 £'000	2020/21 £'000
Balance 1 April	767	1,330
Capital Receipts in year (net of reduction for administration costs)	1,927	953
	2,694	2,283
Less:		
Capital Receipts used for financing	(313)	(1,516)
Other	-	-
Balance 31 March	2,381	767

NOTE 10 – UNUSABLE RESERVES

	31/03/2022 £'000	31/03/2021 £'000
a) Capital Adjustment Account	162,864	153,976
Financial Instruments Adjustment Account	(355)	(393)
b) Revaluation Reserve	151,353	149,546
c) Pensions Reserve	(121,199)	(176,261)
ch) Accumulating Compensated Absences Adjustment Account	(2,858)	(2,686)
Total Unusable Reserves	189,805	124,182

NOTE 10a 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2021/22		2020/21	
	£'000	£'000	£'000	£'000
Balance at 1 April		153,976		146,341
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	(21,677)		(24,666)	
Derecognised assets	(3,246)		(840)	
Revaluation losses on Property, Plant and Equipment	679		150	
Revenue expenditure funded from capital under statute	(10)		(258)	
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	(804)		(673)	
		(25,058)		(26,287)
Adjusting amounts written out of the Revaluation Reserve		3,606		2,895
Net written out amount of the cost of non-current assets consumed in the year		(21,452)		(23,392)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	313		1,516	
Use of capital reserve	1,395		363	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	20,706		18,948	
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	3,536		3,496	
Capital expenditure charged against the Council Fund and HRA balances	4,484		7,245	
		30,434		31,568
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement		(94)		(541)
Balance at 31 March		162,864		153,976

NOTE 10 b – 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	2021/22	2020/21
	£'000	£'000
Balance at 1 April	149,546	142,402
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	5,412	10,039
Difference between fair value depreciation and historical cost depreciation	(3,169)	(2,574)
Revaluation balances on assets scrapped or disposed of	(436)	(321)
Balance at 31 March	151,353	149,546

NOTE 10c – 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	2021/22	2020/21
	£'000	£'000
Balance at 1 April	(176,261)	(124,520)
Re-measurement of net defined liability	(27,284)	(17,109)
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	72,063	(44,483)
Employers' pension contribution and direct payment to pensioners payable in the year	10,283	9,851
Balance at 31 March	(121,199)	(176,261)

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 10ch – 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 at 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	2021/22	2020/21
	£'000	£'000
Settlement or cancellation of accrual made at the end of the preceding year	(2,686)	(1,450)
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	(172)	(1,236)
Amounts accrued at the end of the current year	(2,858)	(2,686)

NOTE 11 – OTHER OPERATING EXPENDITURE

	2021/22 £'000	2020/21 £'000
Precept paid to the North Wales Police and Crime Commissioner	9,639	9,164
Precept paid to Community Councils	1,607	1,480
(Gains)/Losses on the disposal of non-current assets (Including Derecognition)	2,136	558
North Wales Fire and Rescue Authority	3,690	3,593
Tywyn Trewan Board of Conservators	-	2
Natural Resources Wales	4	4
Total	17,076	14,801

NOTE 12 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

12a – Financing and Investment Income

	2021/22 £'000	2020/21 £'000
Interest payable and similar charges	5,591	5,886
Net interest on the defined liability	3,654	2,912
Interest receivable and similar income	(19)	(50)
Income and Expenditure in relation to investment properties and changes in their fair value	(83)	279
Derecognition and impairment of Financial Assets	416	378
Total	9,559	9,405

12b – Income, Expenditure and Changes in the Fair Value of Investment Properties

	2021/22 £'000	2020/21 £'000
(Income)/Expenditure from Investment Properties:		
Income including rental income	(350)	(373)
Expenditure	185	111
Net Expenditure/(Income) from investment properties	(165)	(262)
(Surplus)/Deficit on sale of Investment Properties:		
Proceeds from sale	(80)	-
Carrying amount of investment properties sold	68	-
(Surplus)/Deficit on sale of Investment Properties	(12)	-
Changes in Fair Value of Investment Properties	94	541
Total	(83)	279

NOTE 13 - TAXATION AND NON-SPECIFIC GRANT INCOME

	2021/22	2020/21
	£'000	£'000
Council Tax Income	53,346	51,520
Non-Domestic Rates Redistribution	23,480	22,173
Revenue Support Grant	82,734	78,832
Capital Grants Applied to Fund Capital Expenditure	20,706	18,948
Total	180,266	171,473

NOTE 14 – NON-CURRENT ASSET, PROPERTY, PLANT AND EQUIPMENT (PPE)

2021/22	Property, Plant and Equipment							
	Council Dwellings	Land and Buildings	Infrastructure Assets	Vehicles, Plant and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	156,797	204,382	104,961	18,004	259	15,065	1,970	501,438
Additions (Note 20)	6,141	4,648	4,175	5,094	-	11,511	-	31,569
Revaluation inc./ (decr.) to Revaluation Reserve	-	3,238	-	-	-	-	286	3,524
Revaluation inc./ (decr.) to (Surplus) / Deficit on the Prov. of Services	-	512	-	-	-	-	(17)	495
Derecognition - Disposals	-	(92)	-	(214)	-	-	(490)	(796)
Derecognition - other	-	-	-	-	-	(3,164)	-	(3,164)
Reclassification	3,142	280	-	-	-	(3,517)	95	-
Reclassified (to) / from Assets Held for Sale	-	-	-	-	-	-	(480)	(480)
Reclassified (to) / from Investment Property	-	(58)	-	-	-	(601)	-	(659)
Reclassified (to) / from Heritage Assets	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	166,080	212,910	109,136	22,884	259	19,294	1,364	531,927
Depreciation and Impairment								
At 1 April 2021	16,830	8,077	35,496	9,768	-	-	4	70,175
Depreciation Charge	4,079	6,434	3,783	1,458	-	-	31	15,785
Impairment - CIES	1,616	4,139	-	-	-	-	-	5,755
Impairment - Revaluation Reserve	-	2,561	-	-	-	-	-	2,561
Depreciation written out to Revaluation Reserve	-	(4,423)	-	-	-	-	(4)	(4,427)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(181)	-	-	-	-	(2)	(183)
Derecognition - Disposals	-	(7)	-	(214)	-	-	(25)	(246)
Derecognition - other	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	22,525	16,600	39,279	11,012	-	-	4	89,420
Net Book Value								
Balance as at 31 March 2022	143,555	196,310	69,857	11,872	259	19,294	1,360	442,507
Balance as at 31 March 2021	139,967	196,305	69,465	8,236	259	15,065	1,966	431,263

2020/21	Property, Plant and Equipment							
	Council Dwellings	Land and Buildings	Infrastructure Assets	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2020	153,573	199,204	102,764	15,109	9	3,789	4,518	478,966
Adjustment opening balance	(7,620)	-	-	-	-	4,043	-	(3,577)
Additions (Note 20)	8,184	5,257	4,440	4,634	-	8,293	-	30,808
Revaluation inc./(decr.) to Revaluation Reserve	-	4,556	-	-	-	-	184	4,740
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services	-	(215)	-	-	-	-	(94)	(309)
Derecognition - Disposals	-	(463)	-	(527)	-	-	-	(990)
Derecognition - other	-	(4,859)	(2,243)	(1,212)	-	-	(51)	(8,365)
Derecognition - replaced parts	-	-	-	-	-	-	-	-
Reclassification	2,660	1,139	-	-	-	(1,060)	(2,739)	-
Reclassified (to) / from Assets Held for Sale	-	(186)	-	-	-	-	145	(41)
Reclassified (to) / from Investment Property	-	(51)	-	-	-	-	7	(44)
Reclassified (to) / from Heritage Assets	-	-	-	-	250	-	-	250
Balance as at 31 March 2021	156,797	204,382	104,961	18,004	259	15,065	1,970	501,438
Depreciation and Impairment								
At 1 April 2020	10,670	9,604	33,640	10,412	-	-	55	64,381
Adjustment Cost and Depreciation	(3,577)	-	-	-	-	-	-	(3,577)
Depreciation Charge	4,083	5,757	3,784	1,095	-	-	11	14,730
Impairment	5,654	4,085	-	-	-	-	-	9,739
Depreciation written out to Revaluation Reserve	-	(5,798)	-	-	-	-	(9)	(5,807)
Depreciation written out to (Surplus) or Deficit on the Provision of Services	-	(559)	-	-	-	-	(2)	(561)
Derecognition - Disposals	-	(153)	-	(527)	-	-	-	(680)
Derecognition - other	-	(4,859)	(1,928)	(1,212)	-	-	(51)	(8,050)
Balance as at 31 March 2021	16,830	8,077	35,496	9,768	-	-	4	70,175
Net Book Value								
Balance as at 31 March 2021	139,967	196,305	69,465	8,236	259	15,065	1,966	431,263
Balance as at 31 March 2020	142,903	189,600	69,124	4,697	9	3,789	4,463	414,585

Revaluations

The Council has £444.790m recognised as Property, Plant and Equipment (PPE) and Heritage Assets on its Balance Sheet as at the valuation date of 31 March 2022. 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. 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 47 Accounting Policies.

NOTE 15 - SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2022, 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 £10.019m in 2022/23 and future years as shown in the table below.

	Commitment into 2022/23 & future years as at 31 March 2022 £'000
Planned Maintenance Contracts - HRA	484
Development of New Properties - HRA	1,445
New Corn Hir School	5,108
Heat Pump Installation	130
Energy Projects	2,852
Total	10,019

NOTE 16 – HERITAGE ASSETS

2021/22

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation			
At 1 April 2021	2,121	144	2,265
Revaluation increase/(decrease) to the Revaluation Reserve	-	24	24
At 31 March 2022	2,121	168	2,289
Accumulated Depreciation and Impairment			
At 1 April 2021	-	-	-
Depreciation Charge	-	6	6
At 31 March 2022	-	6	6
Net Book Value			
At 31 March 2022	2,121	162	2,283
At 31 March 2021	2,121	144	2,265

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation			
At 1 April 2020	2,110	1,866	3,976
Additions	11	-	11
Derecognition	-	(875)	(875)
Revaluation increase/(decrease) to the Revaluation Reserve	-	(542)	(542)
Revaluation increase/(decrease) to Surplus/Deficit on the Provision of Services	-	(128)	(128)
Transfer to Community Assets	-	(250)	(250)
Transfer from Investment Properties	-	73	73
At 31 March 2021	2,121	144	2,265
Accumulated Depreciation and Impairment			
At 1 April 2020	-	336	336
Depreciation Charge	-	53	53
Depreciation Charge written out to the Revaluation Reserve	-	(17)	(17)
Depreciation Charge written out to the Surplus/Deficit on the Provision of Services	-	(22)	(22)
Derecognition	-	(350)	(350)
At 31 March 2021	-	-	-
Net Book Value			
At 31 March 2021	2,121	144	2,265
At 31 March 2020	2,110	1,530	3,640

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 last revalued in 2018/19, with those over £500k being revalued in 2020/21 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 more accurately reflect its classification.

Revaluation of Heritage Assets (Art Collections)

A valuation for the Art Collections was obtained during 2017/18 and the resulting value was reflected in the 2017/18 Accounts. The valuation was based on a representative sample of the collections. 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 17 – INVESTMENT PROPERTIES

a) Investment Properties

	2021/22 £'000	2020/21 £'000
Balance at start of the year	5,619	6,189
Disposals	(68)	-
Net gains/(losses) from fair value adjustments	(93)	(541)
Transfers:	-	-
- (to)/from Property, Plant and Equipment	659	44
- (to)/from Heritage Assets	-	(73)
Balance at end of the year	6,117	5,619

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has one contractual obligation to construct and develop an industrial unit at Penrhos, Holyhead, as part of a joint venture with the Welsh Government.

b) Fair Value Measurement of Investment Properties 2021/22 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 2022 £'000
Retail Properties	-	788	-	788
Office units	-	709	-	709
Commercial units	-	4,620	-	4,620
Total	-	6,117	-	6,117

2020/21 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 2021 £'000
Retail Properties	-	780	-	780
Office units	-	679	-	679
Commercial units	-	4,160	-	4,160
Total	-	5,619	-	5,619

c) Valuation Approaches used in the Valuation of Investment Properties

Retail

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

Investment Properties

The office and commercial units located in the Local Authority area are measured using the income approach, by means of the term and reversion approach which is a variation to the discounted cash flow approach, where the agreed cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. Yields have been derived from comparable observable valuations/sales. The Authority's investment properties are, therefore, categorised as Level 2 in the fair value hierarchy as the measurement technique uses observable inputs to determine the fair value measurements. In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

The fair value of the Authority's investment property is measured annually at each reporting period. All valuations are carried out internally in accordance with the methodologies and base for estimations set out in the professional standards of the Royal Institute of Chartered Surveyors. The Authority's valuations experts work closely with finance officers, reporting directly to the Section 151 Officer on a regular basis regarding all valuation matters.

NOTE 17ch – EXPENDITURE AND INCOME ON INVESTMENT PROPERTIES

Expenditure and Income on Investment Properties	2021/22 £000	2020/21 £000
Expenditure		
Repairs and Maintenance	19	18
Energy Costs	40	29
Rates	62	14
Cleaning and Domestic Supplies	1	3
Other premises costs	36	31
Supplies and Services	25	16
Employees	2	-
Expenditure	185	111
Income		
Fees and Charges	(5)	(8)
Rental income	(344)	(340)
Grants and other contributions	-	(25)
Income	(349)	(373)
Net Expenditure/(Income)	(164)	(262)

NOTE 18 - 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	2021/22 £'000	2020/21 £'000
Opening Capital Financing Requirement	136,560	136,904
Capital Invested in Year		
Property, Plant and Equipment	31,570	30,807
Intangible Assets	97	147
Heritage Assets	-	12
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,790	2,162
Total	33,457	33,128
Source of Finance		
Capital receipts	(312)	(1,516)
Reserve	(1,395)	(363)
Government Grants and Contributions	(20,706)	(18,948)
Revenue Provisions	(4,484)	(7,245)
REFCUS Grants	(1,780)	(1,904)
Minimum Revenue Provision and Set Aside	(3,536)	(3,496)
Total	(32,213)	(33,472)
Net Increase/(Decrease) in Capital Financing Requirement	1,244	(344)
Closing Capital Financing Requirement	137,804	136,560
Explanation of Movement in Year		
Increase in underlying need to borrow supported by Government assistance	1,764	1,242
Increase in underlying need to borrow unsupported by Government assistance	2,485	509
Loan	531	1,401
Minimum Revenue Provision and Voluntary Set Aside	(3,536)	(3,496)
Net Increase/(Decrease) in Capital Financing Requirement	1,244	(344)

NOTE 19 – ASSETS HELD FOR SALE

	Current	
	31 March 2022 £'000	31 March 2021 £'000
Balance outstanding at start of year	461	763
Assets newly classified as held for sale:		
Transferred from Property, Plant and Equipment during the year	480	186
Transfer to Property, Plant and Equipment	-	(145)
Costs of Assets Sold	(269)	(363)
Revaluation	-	20
Balance outstanding at year-end	672	461

NOTE 20 – LEASES

Authority as a Lessor

FINANCE LEASES

The Council has leased out several properties on finance leases with remaining terms up to 991 years.

The lease for Gallows Point was originally for 99 years dating back to September 2010 when a premium of £375,000 was paid. In January 2014 the term was increased from 99 years to 999 years and a further premium of £35,000 was paid.

OPERATING LEASES

The Council also leases out land and buildings to third parties, under operating leases, for economic development purposes and agricultural estates.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	286	239
Later than one year but not later than five years	548	346
Later than five years	522	530
TOTAL	1,356	1,115

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £324k minimum lease payments were receivable by the Council (£250k in 2020/21).

Authority as a Lessee

FINANCE LEASES

The Council has acquired buildings under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2022 £'000	31 March 2021 £'000
Land and Buildings	849	909
TOTAL	849	909

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

	31 March 2022 £'000	31 March 2021 £'000
Finance Lease Liabilities (net present value of minimum lease payments):		
Current	28	28
Non-Current	216	243
Minimum lease payments	244	271

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	28	28	28	28
Later than one year but not later than five years	104	107	104	107
Later than five years	112	136	112	136
TOTAL	244	271	244	271

In 2021/22, minimum lease payments were made by the Authority of £27,505 (£27,505 in 2020/21) in respect of those assets held as a finance lease.

OPERATING LEASES

The Council leases land & buildings and equipment under the terms of an operating lease. The future minimum lease payments due under non-cancellable leases in future years are:

	Land and Buildings	Equipment	TOTAL	TOTAL
	31 March 2022 £'000	31 March 2022 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	71	19	90	46
Later than one year but not later than five years	48	18	66	70
Later than five years	92	-	92	104
TOTAL	211	37	248	220

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £90k (2020/21 £53k).

NOTE 21 – INVENTORIES

In undertaking its work, the Council holds reserves of inventories together with amounts of uncompleted work (work-in-progress). The figure shown in the Balance Sheet may be subdivided as follows:-

	31 March 2022 £'000	31 March 2021 £'000
Salt Stock	77	137
Gofal Môn - Social Services Supplies	62	62
Other - Stationery and other consumables, fuel and goods held for resale	157	140
Total	296	339

NOTE 22 – DEBTORS

	31 March 2022 £'000	31 March 2021 £'000
Trade Receivables	3,242	2,215
Prepayments	1,086	1,191
Other Receivable Amounts	31,802	30,988
Total	36,130	34,394

	Long-Term Debtors		Short-Term Debtors	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Government Departments	-	-	16,060	16,824
NDR and Council Tax	-	-	2,513	2,798
Other Local Authorities	-	-	2,765	3,325
Rents	-	-	372	375
Employee Loans	95	97	159	208
Health Service/Public Bodies	-	-	2,680	1,440
VAT	-	-	2,247	1,623
Trusts	-	-	1,002	1,654
Bodies external to Central Government	-	-	776	197
Trade	-	-	3,242	2,215
Other	14	14	4,205	3,624
Total	109	111	36,021	34,283

The above debtors' figures are net of bad debt provisions totaling £6.799m in 2021/22 (£6.221m in 20210/21), which can be analysed as follows:-

	31 March 2022 £'000	31 March 2021 £'000	Movement in Year
Council Tax	2,182	2,004	178
NDR	497	474	23
Rents	628	584	44
Trade Debtors	1,997	1,608	389
Other	1,495	1,551	(56)
Total	6,799	6,221	578

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

	31 March 2022 £'000	31 March 2021 £'000
Less than one year	1,937	1,792
More than one year	2,953	2,563
Total	4,890	4,355

NOTE 23 - 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 2022 £'000	31 March 2021 £'000
Cash held by the authority	230	245
Bank current accounts	5,630	3,428
Short term deposits	38,618	25,067
Total	44,478	28,740

NOTE 24 – CREDITORS

	Long-Term Creditors		Short-Term Creditors	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Government Departments	-	-	(7,778)	(11,548)
Other Authorities	-	-	(3,886)	(2,811)
Trust Balances	-	-	(1,435)	(1,431)
Health Service/Public Bodies	-	-	(388)	(463)
Accumulated Absences	-	-	(2,858)	(3,393)
Bodies External to central Government	-	-	-	(37)
Receipts in advance	-	-	(565)	(5,101)
Other	(163)	(156)	(14,232)	(3,251)
Total Creditors	(163)	(156)	(31,142)	(28,035)

	31 March 2022 £'000	31 March 2021 £'000
Trade Creditors	3,037	2,544
Other Payables	28,268	25,647
Total	31,305	28,191

NOTE 25 – PROVISIONS

	Balance at 1 April 2020	Increase in Provisions during year	Utilised during year	Balance at 31 March 2021	Increase in Provisions during year	Utilised during year	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance Claims Provision	337	356	(403)	290	350	(253)	387
Penhesgyn Waste Site	4,766	-	(82)	4,684	-	(45)	4,639
Home Carers Travel Provision	40	-	(40)	-	-	-	-
G & A Additional Learning Needs & Inclusion Service	37	36	-	73	44	-	117
Total	5,180	392	(525)	5,047	394	(298)	5,143
Short-Term Provisions	414	392	(443)	363	394	(253)	504
Long-Term Provisions	4,766	-	(82)	4,684	-	(45)	4,639
Total	5,180	392	(525)	5,047	394	(298)	5,143

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 26 – CASH FLOW FROM OPERATING ACTIVITIES

	2021/22 £'000	2020/21 £'000
Adjustment to surplus or deficit on the Provision of Services for non-cash movements		
Depreciation, Impairment and amortisation	21,677	24,666
Downward/(upwards) revaluations and non-sale derecognitions	2,567	690
(Increase)/decrease in Inventories	43	(6)
(Increase)/decrease in debtors	(1,736)	(1,622)
Increase/(decrease) in impairment for bad debts	-	0
Increase/(decrease) in creditors	3,114	7,603
Increase/(decrease) in capital grants receipts in advance	4,481	1,516
Transactions within the CIES relating to retirement benefits	17,000	7,259
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	804	673
Increase/(Decrease) in Provisions	96	(133)
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	94	541
Total	48,140	41,187
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	(1,927)	(953)
Capital Grants and Contributions Received	(20,706)	(18,948)
Total	(22,633)	(19,901)

NOTE 27 – CASH FLOW FROM INVESTING ACTIVITIES

	2021/22 £'000	2020/21 £'000
Purchase of Short and long term investments	(7,500)	-
Purchase of Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets	(31,667)	(30,966)
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	1,927	953
Capital Grants and Contributions Received	20,706	18,948
Net Cash flows from Investing Activities	(16,534)	(11,065)

NOTE 28 – CASH FLOW FROM FINANCING ACTIVITIES

	2021/22 £'000	2020/21 £'000
Movement in Borrowing		
Short Term Borrowing	2,406	(14,679)
Long Term Borrowing	(1,581)	(166)
Net Cash flows from Financing Activities	825	(14,845)

NOTE 29a – NATURE OF EXPENSES

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.

	2021/22 £'000	2020/21 £'000
Expenditure		
Employee benefits	111,624	95,249
Other services	124,582	120,289
Depreciation, amortisation, impairment and revaluations	21,771	25,207
Interest Payments	9,245	8,798
De-recognition and Impairment of Financial Assets	416	378
Precepts and levies	14,940	14,242
Gain on the disposal of assets	2,136	559
Total Expenditure	284,714	264,722
Income		
Fees, charges and other service income	(33,257)	(28,720)
Interest and investment income	(196)	(312)
Income from Council Tax, Non-Domestic Rates	(76,826)	(73,693)
Government grants and contributions	(180,375)	(172,316)
Total Income	(290,654)	(275,041)
Surplus or Deficit on the provision of services	(5,940)	(10,319)

NOTE 29b 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	2021/22 Income from Services £'000	2020/21 Income from Services £'000
Lifelong Learning	(964)	(397)
Adult Services	(5,514)	(5,525)
Housing	(203)	(120)
Highways, Property and Waste	(4,013)	(2,191)
Regulation and Economic Development	(2,485)	(1,165)
Transformation	(49)	(53)
Resources	(181)	(117)
Council Business	(422)	(213)
Corporate and Democratic Costs	(115)	(129)
Housing Revenue Account (HRA)	(19,322)	(18,785)
Total Income	(33,268)	(28,695)

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

<https://www.anglesey.gov.wales/en/Council/Council-finances/Council-fees-and-charges.aspx>

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 2021 to 31 March 2022. 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 service/good is 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 30 - MEMBERS' ALLOWANCES

A total of £0.717m (£0.693m in 2020/21) was paid in respect of allowances to Council Members during the year as follows:-

	2021/22 £'000	2020/21 £'000
Basic and Special responsibility allowances	596	576
Chairman and Deputy Chairman's Allowance	13	12
Pension Costs	57	59
National Insurance Costs	48	46
Travel Costs	-	(4)
Subsistence	-	-
Miscellaneous	3	4
Total	717	693

In addition, the Council spent £25,531 on expenses for lay members (£13,404 in 2020/21).

NOTE 31 – OFFICERS' REMUNERATION

The number of employees whose actual remuneration paid was more than £60k but not more than £150k in 2021/22, excluding pension contributions but including severance pay, is as follows:-

Officer Remuneration	Non-Schools	Non-Schools	Schools	Schools
	2021/22 Number of Employees	2020/21 Number of Employees	2021/22 Number of Employees	2020/21 Number of Employees
£60,000 to £64,999	4	1	9	17
£65,000 to £69,999	-	1	2	4
£70,000 to £74,999	-	1	-	2
£75,000 to £79,999	-	3	1	2
£80,000 to £84,999	5	2	-	-
£85,000 to £89,999	-	3	-	3
£90,000 to £94,999	3	-	-	1
£95,000 to £99,999	1	1	-	-
£100,000 to £104,999	-	-	-	-
£105,000 to £109,999	-	-	-	-
£110,000 to £114,999	-	-	-	-
£115,000 to £119,999	-	-	-	-
£120,000 to £124,999	1	1	-	-
Total	14	13	12	29

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 2021/22	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	118,717	-	25,405	144,122
Chief Executive	3,617	-	774	4,391
Deputy Chief Executive	98,070	-	20,987	119,057
Director of Function (Council Business) / Monitoring Officer	81,743	-	17,493	99,236
Director of Function (Council Business) / Monitoring Officer (interim)	29,972	-	6,414	36,387
Director of Function (Resources) & S151	90,420	447	19,350	110,217
Director of Social Services	91,155	-	19,507	110,662
Director of Education, Skills and Young People	90,420	-	19,350	109,770
Head of Service: HR & Transformation	80,532	216	17,234	97,982
Head of Service: Housing	81,956	389	17,539	99,884
Head of Regulation and Economic Development	80,294	36	17,183	97,513
Head of Service: Adult Services	45,245	-	9,785	55,030
Head of Service: Adult Services (interim)	34,191	-	7,317	41,507
Head of Service: Highways, Waste & Property	80,294	734	17,183	98,211
Total	1,006,626	1,822	215,521	1,223,969

Note: Returning Officer element of Chief Executive salary is £6,410 and is not included in the figures above.

The Chief Executive left her post on 20/03/2022 and the Deputy Chief Executive was appointed as the new Chief Executive on 21/03/2022. The Deputy Chief Executive post remained vacant for the remainder of the year.

The Interim Director of Function (Council Business / Monitoring Officer) has been in post since 19/11/2021.

The Interim Head of Adult Services left the post on 31/08/2021 with the new Head of Adult Services commencing on 06/09/2021.

The Head of Service for Housing received an honorarium for additional duties for the sum of £1,662 between 1 April 2021 and 30 September 2021. The Head of Profession, HR and Transformation received an honorarium for additional duties for the sum of £238 between 1 December 2021 and 31 March 2021.

The Director of Place & Community Wellbeing has been removed from the structure.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2021/22 is 5.98:1 (6.12:1 in 2020/21). The median salary for all employees in 2021/22 is £20,444 (£19,698 in 2020/21). This is the salary at the mid-point of all employees' salaries, from lowest to highest.

Comparative figures for 2020/21 are shown in the following table:-

Senior Officer Remuneration 2020/21	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	120,526	17	25,793	146,336
Deputy Chief Executive	99,565	-	21,307	120,872
Director of Function (Council Business) / Monitoring Officer	80,535	-	17,235	97,770
Director of Function (Resources) & S151	89,084	456	19,064	108,604
Director of Social Services *	22,271	-	4,766	27,037
Director of Social Services (interim) *	70,525	-	15,092	85,617
Director of Education, Skills and Young People	89,084	-	19,064	108,148
Director of Place & Community Wellbeing **	-	-	-	-
Head of Service: HR & Transformation	79,107	216	16,929	96,252
Head of Service: Housing ***	82,431	115	17,640	100,186
Head of Regulation and Economic Development (interim)	79,107	-	16,929	96,036
Head of Service: Children & Families	16,685	-	3,571	20,256
Head of Service: Adult Services (interim) *	62,626	-	13,402	76,028
Head of Service: Highways, Waste & Property	79,107	-	16,929	96,036
Total	970,653	804	207,721	1,179,178

Director of Social Services left post on 30/06/2020 and the Head of Children's Service was appointed as an Interim to the Director Post. A Head of Adult Services was appointed on an interim basis.

The Head of Service for Housing received an Honorarium for additional duties for the sum of £3,324.00 between 1 April 2020 and 31 March 2021.

NOTE 32 - TERMINATION PAYMENTS

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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £'000	2020/21 £'000
£0 - £20,000	5	11	3	16	8	27	71	68
£20,001 - £40,000	-	-	1	-	1	-	37	-
£40,001 - £60,000	-	-	-	1	-	1	-	50
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £250,000	-	-	-	-	-	-	-	-
Total	5	11	4	17	9	28	108	118

NOTE 33 – EXTERNAL AUDIT FEES

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

	2021/22 £'000	2020/21 £'000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	193	192
Fees payable to Audit Wales in respect of statutory inspections	100	100
Fees payable to Audit Wales for the certification of grant claims and returns for the year	45	45
Total	338	337

NOTE 34 – GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22 and 2020/21 as follows:-

	Note	2021/22 £'000	2020/21 £'000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	13	82,734	78,832
Capital Grants and Contributions	13	15,326	13,571
Non-Domestic Rates AEF (NDR)	13	23,480	22,173
Grant - HRA (Capital Grants and Contributions)	13	5,380	5,377
Total		126,920	119,953
Credited to Services			
Grants:			
Post-16 Grant (Education)		3,066	2,671
Education Improvement Grant (Education)		2,878	2,773
Pupil Development Grant (Education)		1,880	1,677
Children and Communities Grant* (Children's Services)		3,423	2,472
Concessionary Fares Grant		793	2,011
Housing Benefit Subsidy		14,272	15,375
Housing Support Grant**		3,502	2,666
Environment and Sustainable Development Grant		649	523
Levelling Up Fund		48	-
Community Renewal Fund		248	-
Integrated Care Fund		1,578	2,145
Total		32,337	32,313
Covid Related Grants			
COVID Local Government Single Emergency Hardship Fund:			
Lifelong Learning		1,006	2,107
Adult Services		1,643	1,887
Children's Services		310	344
Housing		564	894
Highways, Property and Waste		338	576
Economic Development and Regulatory		463	1,438
Corporate Transformation		-	146
Resources		220	796
Corporate and Democratic Costs		-	28
Housing Revenue Account		8	35
NDR Relief Grant		6,819	7,160
Total		11,371	15,411
Other Covid Grants:			
Lifelong Learning		2,244	1,541
Highways, Property and Waste		2	143
Economic Development and Regulatory		4	668
Resources		-	1,391
Corporate and Democratic Costs		-	1,232
Total		2,250	4,975
Other Grants:			
Lifelong Learning		4,751	3,315
Adult Services		4,136	1,095
Children's Services		3,032	1,162
Housing		1,340	2,205
Highways, Property and Waste		3,127	3,456
Economic Development and Regulatory		4,955	1,778
Corporate Transformation		239	214
Resources		1,170	703
Council Business		5	121
Corporate and Democratic Costs		396	-
Housing Revenue Account		-	11
Total		23,151	14,060
Contributions:			
		7,827	7,777
Total grants and contributions credited to services		76,936	74,536
Total		203,856	194,489

*Flying Start is included in Children and Communities grant

** Supporting People is included in Housing Support

Revenue Grants Received in Advance

Revenue Grants Received in Advance	2021/22 £'000	2020/21 £'000
Lifelong Learning	198	261
Economic Development and Regulatory	1,984	961
Housing	4	-
Social Services	257	-
Corporate Transformation	21	2
North Wales Economic Ambition Board	-	2,003
Rate Relief	192	-
Total	2,656	3,227

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	2021/22 £'000	2020/21 £'000
Welsh Government Capital Grants and Contributions Received in Advance:		
Welsh Government contribution to Construction in Penrhos	1,987	1,550
Welsh Government contribution to Construction in Llangefni		350
Contaminated Land	17	25
Gateway Units	261	646
21st Century Schools	50	-
Childcare small grant scheme	43	-
Area of Outstanding Natural Beauty Grant	-	100
Community Disabled Hub Grant	10	10
Hwb IT Infrastructure Grant	139	195
Green Recovery Grant	71	96
Circular Economy Grant	6	77
Anglesey Sustainable Landscapes, Sustainable Places	-	26
Green Spine Anglesey Project	-	60
Electric Vehicle Infrastructure	276	-
General Capital Grant	1,701	-
Other	-	7
Capital Grants and Contributions Received in Advance from other Organisations:		
Housing Commuted Sums	676	342
Amlwch 3G Pitch	75	-
Other	22	25
Total	5,334	3,509

NOTE 35 – 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 43 Joint Committees.

Members

Members are responsible for the direct control of the policies of the Council. The total members' allowances paid during 2021/22 is shown in Note 30. 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. A list of the outside bodies and the Council's representation can be found in Appendix 1.

During 2021/22, a total of £4.138m was paid in grants for the purchase of services from these bodies (£3.260m 2020/21). A summary of the individual organisations (where not disclosed elsewhere) which have transactions with the Council in excess of £0.020m

2021/22

Related Party	Relationship	Payments Made £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	340	-	19
Medrwn Môn	Member appointed by the Council to be a representative	306	-	-
University Of Wales - Bangor	Member appointed by the Council to be a representative	131	-	-
North Wales Housing	Member appointed by the Council to be a representative	29	-	-
Ynys Môn C A B Ltd	Member appointed by the Council to be a representative	73	-	-
		879	-	19

2020/21

Related Party	Relationship	Payments Made £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	236	2	5
Medrwn Môn	Member appointed by the Council to be a representative	322	-	-
University Of Wales - Bangor	Member appointed by the Council to be a representative	21	-	18
Ynys Môn C A B Ltd	Member appointed by the Council to be a representative	80	-	-
		659	2	23

The Council is a member of the Welsh Local Government Association, to which subscriptions of £0.100m were paid in 2021/22 (£0.099m 2020/21).

Members have declared interests in contracts or in organisations which may have dealings with the Council in the Statutory Register of Members' Interests. A total of £1.043m was paid by the Council in 2021/22 in relation to these interests where a form of control or significant influence exists (£0.583m 2020/21).

Senior Officers

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. The Head of Housing did not take part in any discussion, decision, or administration of the grant on behalf of the Council. Senior Officers' remuneration totals can be seen under Note 31.

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 37. Totals for Taxation and Non-Specific Tax is included in Note 13.

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. Payments made by the Council for 2021/22 to BCUHB amounted to £1.536m (£1.189m 2020/21) and £0.380m (£0.458m 2020/21) was owing at year-end. Receipts taken in by the Council from BCUHB came to £6.585m (£6.132m 2020/21), with £2.428m (£1.632m 2020/21) due from our related party at year-end.

INTERESTS IN COMPANIES

The Council has an interest in the following company, where the other member is Gwynedd Council, but it does not have significant influence over the company:-

Cwmni Cynnal Cyf

This company was established jointly by Ynys Môn and Gwynedd Councils on local government reorganisation. It provides education support services under contract to maintained schools and to the local education authorities and schools inspection services to Estyn. The income of the company can only be applied towards the promotion of its objectives. The company is limited by guarantee, not having a share capital, and the Council's liability is limited to £1.

The company accounts for 2020/21 show a net loss of £0.113m (£0.149m loss 2019/20). The turnover for 2020/21 was £1.975m (£1.923m 2019/20). The company's published accounts show net assets of £0.230m as at 31 March 2021 (net assets were £0.371m at 31 March 2020).

Copies of the financial statements are available from Cwmni Cynnal Cyf, Plas Llanwnda, Caernarfon, Gwynedd. The auditor's report on the accounts for the financial year ended 31 March 2021 is not qualified. During 2021/22 financial year, the Council accounted for costs of £0.843m (£0.521m 2020/21) relating to the purchase of services from the company.

This company appointed Ieuan Williams as their Chief Executive Officer in 2017. Ieuan Williams is a councillor of the Authority and holds the role of Deputy Leader and Portfolio Holder for Service Transformation and the Welsh Language.

The company ceased trading on 31 March 2022 and the staff transferred to the Isle of Anglesey County Council and Gwynedd County Council under TUPE rules on 1 April 2022. The Company's contracts also transferred across for which the Council paid £12,500 for the contracts it received. The net assets of the company will be transferred to a charity with similar charitable purposes upon liquidation.

The Council also has interests in the following companies:-

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.

During the 2021/22 financial year, the Council accounted for £0.229m (£0.253m 2020/21) for purchase of services from the company.

The company accounts for 2019/20 (that is to year ended 30 September) show a net positive movement in funds of £2.487m (net negative movement in funds of £10.755m in 2018/19). The turnover for 2019/20 was £36.495m (£47.666m 2018/19) and net assets amounted to £38.964m as at 30 September 2020 (£36.477m as at 30 September 2019).

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 2020 is not qualified.

Menter Môn Cyfyngedig

The Council is a member of Menter Môn Cyf, and was one out of a total of three members at 31 March 2021. 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 Menter Môn Cyf. accounts for 2020 are Group accounts as the company now includes Annog Cyf. Previous year figures have been amended to reflect this.

During the 2021/22 financial year, the Council made payments of £0.463m to the company in support of the activities (£0.466m 2020/21).

The company accounts for the financial year ended 31 December 2020 shows net loss before tax of £0.306 (net loss before tax of £0.210m in 2019). The turnover for 2020 was £5.233m (£4.941m in 2019) and net liabilities amounted to £3.240m as at 31 December 2020 (net liabilities of £0.599m in 2019).

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 2019 is not qualified.

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 2020 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 £0.730m at 31 March 2022 (£0.740m at 31 March 2021), 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 36 - TRUST FUNDS

The Council acts as trustee for a number of trust funds. Their accounts are available from the Accountancy Section, Resources, Council Offices, Isle of Anglesey County Council, Llangefni, Anglesey LL77 7TW. Besides the legacies left for purposes such as prize funds at schools and comforts and improvements in Social Services establishments, the Council is also responsible for the following Trust funds.

During 2021/22, the Head of Function (Resources) / Section 151 Officer had financial responsibility for a number of charities. Although their financial administration is integrated with that of the Council, the charities are legally separate from it and separate financial statements are produced, which are in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities, published by the Charity Commissioners. The charities are managed and expenditure is approved in accordance with criteria set out in the governing document of each one:-

The Isle of Anglesey Charitable Association (Reg. 1174536)

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 new Organisation is a separate legal entity with the same charitable purposes as the Isle of Anglesey Charitable Trust. The existing assets and liabilities of the Isle of Anglesey Charitable Trust have been transferred to the new entity from 1 October 2019 following a formal resolution by the Trustees on 24 September 2019.

The objectives of the Charitable 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. In the accounting period of 01 October 2019 to 30 September 2020, the Council received £0.215m from the Association towards the running costs of Oriol Ynys Môn.

Welsh Church Fund

Previously, investments of this fund were administered by Gwynedd Council on behalf of the successor authorities of Gwynedd County Council but, from 2019/20, Anglesey's share of the Welsh Church Fund has been transferred to the Isle of Anglesey County Council to administer.

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

75% of net income from the David Hughes Charity Estate forms part of the Anglesey Further Educational Trust Fund, of which the Council is Trustee. The income is used for specified educational purposes. The other 25% is paid to the "David Hughes Charity for the Poor", which is not administered by the Council.

On 31 March 2022, the estimated balances of these Trust funds (at market value of the assets) are:-

Pre Audited Statement Summary	2021/22 Income £'000	2021/22 Expenditure £'000	2021/22 Assets £'000	2021/22 Liabilities £'000
The Isle of Anglesey Charitable Association (accounting year 01.10.20-30.09)	550	418	24,393	2,298
Welsh Church Fund	3	0	582	21
Anglesey Further Education Trust Fund	145	104	4,174	19

Audited Statement Summary	2020/21 Income £'000	2020/21 Expenditure £'000	2020/21 Assets £'000	2020/21 Liabilities £'000
Anglesey Further Education Trust Fund	138	207	4,635	19

The total value of the other funds, including investments at market value, is £0.105m as at 31 March 2022 (£0.112m as at 31 March 2021).

Trust Fund balances are not included in the Balance Sheet as these represent assets held in trust for third parties rather than in ownership of the Council. Where the Council holds cash on behalf of a trust or is owed cash by a trust these are included as genuine debtors and creditors in the Council's accounts. A summary performance of the larger Charitable Trusts is shown in the table above.

NOTE 37 – 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 2021/22, the Council paid £5.835m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.26% of pensionable pay (£5.371m and 23.27% in 2020/21).

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 38 below.

NOTE 38 – 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 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 Council acted as guarantor for the organisation Caterlink, which provided school meals in Anglesey's schools. If Caterlink became insolvent, wound up or liquidated, the Council would have paid Caterlink's pensions contributions. This is because Council catering staff transferred to Caterlink under TUPE rules when the service was externalised. In addition, if the employer's contribution rate rose above a certain level under the terms of the contract, the Council were obliged to refund Caterlink that additional cost. The contract with Caterlink ended during 2021/22, with a new company commencing with the school meals provision from September 2021 onwards.

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:-

	2021/22 £'000	2020/21 £'000
Service cost comprising:		
Current service cost	23,603	14,190
Losses on settlements or curtailments	26	7
Total Service cost	23,629	14,197
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	10,839	9,254
Interest Income on scheme Assets	(7,185)	(6,342)
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	27,283	17,109
Return on Plan Assets (excluding amounts included in net interest expense)	(29,390)	(74,203)
Actuarial losses / (gains) arising on changes in demographic assumptions	(2,830)	6,618
Actuarial losses / (gains) arising on changes in financial assumptions	(39,560)	115,778
Other	(166)	(3,710)
Total re-measurement of net defined benefit liability	(71,946)	44,483
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(44,663)	61,592
Reversal of net charges made for retirement benefits in accordance with the code	17,000	7,258
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	10,283	9,851
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	27,283	17,109

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 2022.

Amounts included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31 March 2022 £'000	31 March 2021 £'000
Present Value of Scheme Assets	397,617	357,955
Present Value of Scheme Liabilities	(518,816)	(534,216)
Net liability arising from defined obligation	(121,199)	(176,261)

Reconciliation of Present Value of the Scheme Liabilities

	2021/22 £'000	2020/21 £'000
Balance as at 1 April	534,216	399,012
Current service cost	23,486	14,190
Interest cost	10,839	9,254
Contributions from scheme participants	2,796	2,632
Remeasurement losses / (gains)	(42,673)	118,686
Past service costs	26	7
Estimated unfunded benefits paid	(793)	(998)
Estimated benefits paid	(9,081)	(8,567)
Balance as at 31 March	518,816	534,216

Reconciliation of Present Value of the Scheme Assets

	2021/22 £'000	2020/21 £'000
Opening Fair Value of Scheme Assets as at 1 April	357,955	274,492
Interest Income	7,185	6,342
Return on plan assets (excl. net interest expense)	29,390	74,203
Contributions by members	2,796	2,632
Contributions by employer	9,372	8,853
Contributions in respect of unfunded benefits	793	998
Unfunded benefits paid	(793)	(998)
Benefits paid	(9,081)	(8,567)
Balance as at 31 March	397,617	357,955

c) Fair Value of Scheme Assets

The table below shows a difference between 2020/21 and 2021/22 in the categorisation of equities and other investments between the Prices Quoted in Active Markets and Prices Not quoted in Active Markets. 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:-

	2021/22 Prices Quoted in Active Markets £'000	2021/22 Prices not quoted in Active Markets £'000	2020/21 Prices Quoted in Active Markets £'000	2020/21 Prices not quoted in Active Markets £'000
Cash and cash equivalents	2,084		2,066	
Private Equity	-	22,734	-	22,257
Investment Funds and Unit Trusts				
Equities	-	247,932	-	229,343
Infrastructure	-	9,657	-	6,310
Other	-	79,038	-	69,589
		-		
Real Estate				
UK Property	-	36,172	-	28,391
Overseas property	-	-	-	-
Total Value – All Assets	2,084	395,533	2,066	355,889
Total Value of Active and Non-Active Assets		397,617		357,955

Major categories of plan assets as percentage of total plan assets

The Gwynedd Pension Fund's assets consist of the following categories, by proportion of the total assets held:-

	31 March 2022	31 March 2021
Cash and cash equivalents	0%	1%
Equity investment (by industry type)		
Private equity	6%	6%
Investment Funds and Unit Trusts		
Equities	64%	64%
Infrastructure	2%	2%
Other	20%	19%
Real Estate		
UK Property	8%	8%
Total	100%	100%

ch) Scheme History

Analysis of scheme assets and liabilities:-

	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000
Fair Value of Assets in pension scheme	397,617	357,955	274,492	312,536	288,424
Present Value of Defined Benefit Obligation	(518,816)	(534,216)	(399,012)	(443,266)	(390,612)
(Deficit)/Asset in the Scheme	(121,199)	(176,261)	(124,520)	(130,730)	(102,188)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The present value of defined benefit obligations of £518.816m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £121.199m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Gwynedd Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

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

	2021/22	2020/21
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	21.3 years	21.5 years
Women	23.7 years	23.9 years
<i>Longevity at 65 for future pensioners:</i>		
Men	22.4 years	22.7 years
Women	25.7 years	25.9 years
Inflation/Pension Increase Rate	3.20%	2.85%
Salary Increase Rate	3.50%	3.15%
Expected Return on Assets	9.10%	29.20%
Rate for discounting scheme liabilities	2.70%	2.00%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50.00%	50.00%
Service post April 2008	75.00%	75.00%

dd) Sensitivity Analysis

The sensitivity analysis below 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 could decrease the fund's liabilities by £10.783m. A 0.1% increase in the salary increase rate, could increase the fund's costs by £1.179m. A 0.1% increase in the pensions' rate could increase liabilities by £9.522m. 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 taken into account current and past information. Information about people's lifespans and demographic information would have also influenced this.

Change in assumptions as at 31 March 2022	Approximate % increase to employer	Approximate Monetary Amount £'000
0.1% decrease in real discount rate	2%	10,783
1 Year Increase in member life expectancy	4%	20,733
0.1% increase in the salary increase rate	0%	1,179
0.1% increase in pension increase rate	2%	9,522

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 2022.

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 liabilities show underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability of £124,771m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due) as assessed by the scheme actuary; finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

f) Estimated contributions to be paid to Gwynedd Pension Fund in 2022/23

The Council anticipates paying £10.098m contributions to the scheme in 2022/23.

The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2021/22 as at 31 March 2022 is £1.169m and is included in the short-term creditors' disclosure note.

NOTE 39 – CONTINGENT LIABILITIES

Section 117 Mental Health Act 1983

Following judgements confirmed at the House of Lords and a report by the Local Government Ombudsman on test cases elsewhere, there was no power to charge for services provided under Section 117 of the Mental Health Act 1983 and the Council is liable to repay any such charges. Whilst a number of cases have been settled historically, the total potential liability is difficult to quantify.

Other Risks relating to Social Services

Damages/cost order against the Council is a possibility in a Court of Protection matter where the Authority has caused delay to a service user whose advocate has had to issue an application in the Court of Protection to force the Authority to fulfil its statutory obligations.

A case has been brought against the Authority where the Authority has failed in its duty to promote reasonable contact between two children in its care and their parents. The Court made a number of findings against the Local Authority and asked that the matter be referred to the Official Solicitor for consideration of any possible claims that could be brought on behalf of the children. The total potential liability is difficult to quantify at this time.

The Council has admitted responsibility in a case brought against it concerning the deprivation of liberty of an individual. The level of compensation due is difficult to quantify at this time.

Ash Dieback

Ash dieback is a fungal infection affecting ash trees. This infection increases the risk of damage and creates potential liability for the Authority. The total potential liability is difficult to quantify at this time.

Penrhos Industrial Estate

The Penrhos Industrial Estate is a joint arrangement with Welsh Government (see Note 46). In accordance with the terms of the contract, if the site is not sold within 15 years, the Council will have to pay the Welsh Government 84% of the market value at that time. It is difficult to quantify the potential liability at this time.

Anglesey Airport

The Council leases the buildings and land for Anglesey Airport which is due to expire in 2024. Welsh Government announced on 8 May 2022 that the Airport would close as it is no longer financing viable particularly due to the impact of reduced travel from and to the Airport due to the Pandemic and the increase in electronic communications. The financial impact of terminating the lease early is not yet known but there is a risk that there will be costs for ending the contract early. There will also be costs in relation to demolition of the airport and reinstating the property to its condition prior to the commencement of the lease.

NOTE 40 – 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.

Canolfan Addysg y Bont Roof

The Council may receive funding sometime in the future to fund the repair to damage sustained to Canolfan Addysg y Bont roof.

Court Case

A recent court case (May 2022) found in the Council's favour and the Council was awarded £110k including interest. This will be paid in June 2022, however, it should be noted that the other party to the case have expressed an interest in appealing. Even if the Council is also successful in the appeal there is a risk that the damages awarded to the Council might be reduced.

NOTE 41 – 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 favorable 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 41a 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 2022. 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 41a.

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. The fair value is also provided; this is a more current value which would be the price to sell the financial assets on 31 March 2022. This was calculated by Link Asset Services, the Council's Treasury Management Consultants. The valuation was based on a comparison of the deposits with a comparable investment with the same/similar lender.

Financial Assets	Short-term				Long-term				Total			
	31/03/2022		31/03/2021		31/03/2022		31/03/2021		31/03/2022		31/03/2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets held at amortised cost												
Cash and cash equivalents												
Cash and cash equivalents - deposits	38,616	38,618	20,066	20,067	-	-	-	-	38,616	38,618	20,066	20,067
Other Cash and cash equivalents	5,862	5,862	3,674	3,674	-	-	-	-	5,862	5,862	3,674	3,674
Loans to other Local Authorities	-	-	5,000	5,002					-	-	5,000	5,002
Other Short-term Investments	7,500	7,501	-	-					7,500	7,501	-	-
Total Investments	51,978	51,981	28,740	28,743	-	-	-	-	51,978	51,981	28,740	28,743
Debtors												
Rents	372	372	375	375	-	-	-	-	372	372	375	375
Employee Loans	159	159	208	208	96	96	97	97	255	255	305	305
Trade Debtors	3,242	3,242	2,216	2,216	-	-	-	-	3,242	3,242	2,216	2,216
Housing Benefits Overpayments	950	950	524	524	-	-	-	-	950	950	524	524
Total Debtors	4,723	4,723	3,323	3,323	96	96	97	97	4,819	4,819	3,420	3,420
Total Financial Instruments	56,701	56,704	32,063	32,066	96	96	97	97	56,797	56,800	32,160	32,163
Assets not Defined as Financial Instruments	32,019	32,019	31,760	31,760	451,392	451,392	439,667	439,667	483,411	483,411	471,427	471,427
Total Assets	88,720	88,723	63,823	63,826	451,488	451,488	439,764	439,764	540,208	540,211	503,587	503,590

The financial assets are split between investments and debtors. The investments are the cash deposits in UK banks and a minor amount in cash. The other cash and cash equivalents relate to the amounts held for operational banking and payment of day-to-day costs. The Council also invested £7.5m 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 41b –FINANCIAL LIABILITIES HELD BY THE COUNCIL

All of the Council's Financial Liabilities are classified as Financial Liabilities at Amortised Cost. This is shown in Note 41b. The note also shows the value of non-financial liabilities. The non-financial liabilities at 31 March 2022 includes the Pension Fund Liability of £121.199m.

The Council's borrowing liabilities amounted to £127.241m at 31 March 2022. 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 2023. 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.

Financial Liabilities	Short-term				Long-term				Total			
	31/03/2022		31/03/2021		31/03/2022		31/03/2021		31/03/2022		31/03/2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Financial liabilities held at amortised cost												
Borrowing												
PWLB	4,191	4,289	1,906	1,906	119,578	162,437	121,877	180,375	123,769	166,726	123,783	182,281
Salix	373	456	252	299	3,099	2,410	2,381	2,020	3,472	2,866	2,633	2,319
Total Financial Liabilities - Borrowing	4,564	4,745	2,158	2,205	122,677	164,847	124,258	182,395	127,241	169,592	126,416	184,600
Creditors												
Trade and other Creditors	8,261	8,261	14,804	14,804	163	163	156	156	8,424	8,424	14,960	14,960
Total Financial Liabilities - Creditors	8,261	8,261	14,804	14,804	163	163	156	156	8,424	8,424	14,960	14,960
Total Financial Liabilities	12,825	13,006	16,962	17,009	122,840	165,010	124,414	182,551	135,665	178,016	141,376	199,560
Total Liabilities not defined as Financial Liabilities	31,376	31,376	17,103	17,103	129,527	129,527	180,946	180,946	160,903	160,903	146,630	146,630
Total Liabilities	44,201	44,382	34,065	34,112	252,367	294,537	305,360	363,497	296,568	338,919	288,006	346,190

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 £169.572m, significantly higher than the carrying value on the Balance Sheet of £127.241m at 31 March 2022. The fair value of the assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay, if the lender requested, or agreed to, early repayment of loans. The fair value of short-term debtors and creditors is deemed to be equivalent to their carrying value.

NOTE 41c – 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 2021/22.

The table shows that the Council was charged £416k (£378k in 2020/21) for the impairment and de-recognition of the financial assets noted above in Note 41a. Impairment and de-recognition charges are shown in more detail in Note 42a. The debtors asset is impaired to take into account 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 £20k (£50k in 2020/21) in interest from its deposits in UK banks and loans to other local authorities. Interest on investments has reduced due to the impact of the historically low base rate which was reduced due to the Pandemic. Interest rates have since been increased and it is likely they will continue to be increased further. This will increase the increase receivable for 2022/23. The interest payable on borrowings relating to 2021/22 was £5,591k (£5,886k in 2020/21).

Income, Expense, Gains and Losses	2021/22		2020/21	
	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
Net (gain)/losses on:				
Financial assets measured at amortised cost (impairment loss allowance and derecognition)	416	-	378	-
Total net gains/losses	416	-	378	-
Interest revenue:				
Financial assets measured at amortised cost	(19)	-	(50)	-
Total interest revenue	(19)	-	(50)	-
Interest expense:				
Financial liabilities measured at amortised cost	5,591	-	5,886	-
Total Interest Expense	5,591	-	5,886	-

NOTE 42 - 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.

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 earlier. This is called the Impairment loss allowance (ILA). Instead of basing potential losses on historic information only, the Council will take into account 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 47 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 £10m 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 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 42a – 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)	2021/22	2020/21
	Lifetime expected credit losses - not credit impaired £'000	Lifetime expected credit losses - not credit impaired Restated £'000
Opening Balance as at 1 April 2021	3,743	3,415
Deposits in UK Banks	-	-
Trade Debtors (excluding public sector and taxation)	389	288
Soft Loans	(21)	(6)
Housing Benefit Overpayments	(34)	-
Rents	44	46
Total Impairment Allowance 31 March 2022	4,121	3,743
Financial Assets that have been derecognised	39	44
Total Impairment and Derecognition charged	451	372

NOTE 42b - 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 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 of credit rating)	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	£5m	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 at 31 March, and the organisations' credit ratings which meet the Council's minimum criteria. In 2021 the Council started placing investments in fixed term fixed interest accounts which are secure but secure a higher rate of interest. This will continue throughout 2022/23 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 31.03.22 £'000	Fair Value of Investments 31.03.21 £'000
Bank of Scotland	F1	P-1	A-1	A+	A1	A+	7,207	7,206
Goldman Sachs International Bank	F1	P-1	A-1	A+	A1	A+	7,501	-
Natwest Cash Manager (part-nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	24,001	5,364
Royal Bank of Scotland	n/a	n/a	n/a	n/a	n/a	n/a	2	2
Santander	F1	P-1	A-1	A+	A1	A+	7,408	7,494
Flintshire County Borough Council	n/a	n/a	n/a	n/a	n/a	n/a	-	5,002
							46,119	25,068

NOTE 42c – 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 practice is to ensure that not more than 20% of loans are repayable within any two-year period and to continuously assess the market rates and forecasts in order to replace maturing loans or reschedule existing loans at the most beneficial time. 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 42c below. Trade and other payables are due to be paid in less than one year.

	2021/22 Outstanding principal £'000	2021/22 Accrued interest £'000	2021/22 Cost less accumulated amortisation £'000	2020/21 Outstanding principal £'000	2020/21 Accrued interest £'000	2020/21 Cost less accumulated amortisation £'000
>50 years	-	-	-	-	-	-
34-50 years	49,976	-	49,976	49,976	-	49,976
23-33 years	45,712	-	45,712	45,712	-	45,712
15-22 years	11,932	-	11,932	11,932	-	11,932
11-14 years	2,194	-	2,194	2,194	-	2,194
7-10 years	4,938	-	4,938	4,683	-	4,683
4-6 years	4,523	-	4,523	4,526	-	4,526
1-3 years	3,401	-	3,401	5,235	-	5,235
Total Long-Term Borrowing	122,677	-	122,677	124,258	-	124,258
Total Short-Term Borrowing (< 1 year)	2,672	1,892	4,564	266	1,892	2,158
Total	125,349	1,892	127,241	124,524	1,892	126,416

NOTE 42ch – 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 45ch 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 by £26.256m. The rate increase would have a positive impact on the Council's deposits as an extra £0.386m interest receivable would be received if there was a 1% increase in interest rates.

Impact of a 1% interest rate increase	£'000
Increase in interest receivable from investments	386
Impact on other Comprehensive Income and Expenditure	386
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)	26,256

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 borrowing during the year.

NOTE 43 - JOINT COMMITTEES AND POOLED BUDGETS

NOTE 43a – 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 County 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>

North Wales Residual Waste Treatment Project

The North Wales Residual Waste Treatment Project (NWRWTP) 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. Isle of Anglesey County Council's share of the joint committee costs for 2021/22 was £211. A copy of the 2020/21 accounts can be viewed using the following:

<https://committeemeetings.flintshire.gov.uk/ieListDocuments.aspx?CId=300&MId=5127&Ver=4&LLL=0>

The Isle of Anglesey County Council is also involved in various joint arrangements with neighbouring North Wales Councils and the Welsh Government are 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); and
- 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 46b)
- 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 transferred to the Welsh Government. The units became available to rent in September 2021. A second phase is now underway with the construction of more units for rent.
- Tregarnedd – a new joint arrangement with Welsh Government for the construction of industrial units in Llangefni. Construction work is currently under way for these units Capital income from these units will be shared with Welsh Government.

The three joint operations relating to Anglesey in 2021/22, which are a result of the Covid-19 crisis, are:

- Test, Trace and Protect Programme – tracing the contacts of individuals who have contracted coronavirus to interrupt the spread of Covid-19 by ensuring cases and their contacts isolate. Flintshire County Council acts as lead for the six North Wales local authorities. Isle of Anglesey County Council's share of expenditure for 2021/22 is £1.515m.
- Temporary Mortuary at Mochdre – the provision of a temporary mortuary in Mochdre, commissioned by North Wales Regional Emergency Planning Service. Flintshire County Council acts as host Authority. Costs are reimbursed by the Welsh Government through the

Covid hardship fund. Isle of Anglesey County Council's share of the income and expenditure is 10%, which equates to £2,678.

- Bus Emergency Scheme – 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 received during 2021/22 £0.256m to be distributed to bus operators.

NOTE 43b POOLED BUDGETS

43b 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 the six 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 (2019/20 to 2021/22).

The transactions for Isle of Anglesey County Council only, amounting to £5.209m (£5.049m 2020/21), are included in the Adults Services line of the Comprehensive Income and Expenditure Statement.

Income and expenditure for these pooled budget arrangements are as follows. The contributions for quarter 4 are included for information only and have not been accrued in the accounts. As per the Partnership Agreement, these payments will be made in arrears during 2022/23:

North Wales Pooled Budget for Care Homes for Older People	2021/22	2020/21
	£'000	£'000
Expenditure		
Care Home Costs	98,982	93,035
Total Expenditure	98,982	93,035
Funding		
Isle of Anglesey County Council	(5,209)	(5,049)
Conwy County Borough Council	(14,221)	(13,106)
Denbighshire County Council	(9,340)	(8,626)
Flintshire County Council	(10,095)	(9,397)
Gwynedd Council	(9,143)	(8,641)
Wrexham County Borough Council	(15,317)	(12,203)
Betsi Calwaladr University Health Board	(35,657)	(36,013)
Total Funding	(98,982)	(93,035)
(Surplus)/Deficit transferred to Reserve	-	-

NOTE 44 – 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 -£0.715m (-£0.676m 20/21)

Home Improvements Empty Homes -£0.107m (-£0.089m 20/21)

Town Centre Scheme -£0.875m (-£0.625m 20/21)

Empty Homes Renovations Scheme 4 £0.333m (127k 20/21)

The Covid Pandemic

During 2021-22, the Isle of Anglesey County Council has acted on behalf of the Welsh Government administrating two business support grants made available to tourism, leisure, retail and hospitality businesses on Anglesey still suffering from the impact of the pandemic. A total of 491 grants were paid out to support Anglesey businesses amounting to £1.1 million.

In addition, the Council paid out grants to individuals on behalf of Welsh Government with 782 Self-isolation grants to individuals which amounted to £522k and 3,045 grants to individuals for winter fuel grants which in total was £609k.

NOTE 45 – 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 2021/22 was 31,548.20 (31,532.53 in 2020/21).

The amount for a band D property in 2021/22, £1,697.14 (£1,642.27 in 2020/21), 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	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

Band	A*	A	B	C	D	E	F	G	H	I	Total
Total Dwellings	11	4,197	6,083	6,135	6,755	5,182	2,525	1,029	160	52	
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
Band "D" Equivalent	6.25	2,798.07	4,730.87	5,453.64	6,754.90	6,333.49	3,646.86	1,715.58	319.00	121.92	31,880.58

	2021/22	2020/21
Band D equivalent as above	31,880.58	31,884.68
Collection Rate	98.50%	98.50%
Revised Band D equivalent	31,402.37	31,406.41
MoD Properties – Band D equivalent	145.83	126.12
Council Tax Base	31,548.20	31,532.53

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. £6.294m of Council Tax reductions were awarded in 2021/22 (£6.326m in 2020/21).

Analysis of the net proceeds from Council Tax:	2021/22 £'000	2020/21 £'000
Gross Council Tax	53,931	51,702
Add/Less: provision for non-payment not required or not previously accounted for	(585)	(182)
Council Tax collectable	53,346	51,520
Less Council Tax Reduction awarded to residents	(6,294)	(6,326)
Net Proceeds from Council Tax	47,052	45,194

NOTE 46 - NON-DOMESTIC RATES (NDR)

NDR is organised on a national basis.

Non-domestic properties are normally assessed every five years for the purpose of calculating liability for NDR. A new list came into force on 1 April 2017. 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 2021/22 (53.5p in 2020/21), 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), totalled £8.207m for 2021/22 (£8.042m in 2020/21) and was based on rateable value at the year-end of £40.998m (£41.082m in 2020/21).

Analysis of the net proceeds from non-domestic rates:	2021/22 £'000	2020/21 £'000
Non-domestic rates collectable	8,207	8,042
Cost of collection allowance	(179)	(168)
Interest paid on overpayments	-	-
Provision for bad debts	(16)	33
Contribution to cost of charitable relief	74	78
Retail, Leisure and Hospitality Business Rates Relief Scheme met from grant	6,853	7,160
High Street and Retail Relief met from grant	1	(12)
Payments into national pool	14,940	15,133
Redistribution from national pool	23,480	22,173

NOTE 47 – 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
24	Employee Benefits
25	Exceptional Items
26	Accounting for NDR
27	Agency Income and Expenditure

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its financial position at the year-end of 31 March 2022. 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 2020/21 and the CIPFA Service Reporting Code of Practice 2020/21, 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 2022. Income and expenditure is 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 final audited accounts are signed by the Section 151 Officer, 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 and 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 Her 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 Sheet 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, that 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 indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified 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).

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;
- vehicles, plant, furniture and equipment – straight-line allocation over 5 to 15 years;
- infrastructure – straight-line allocation over periods of up to 45 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;
- 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 depreciating 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 this wider group and not to each individual depreciating asset within the group.

8.5 Disposals and Non-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 at 31 March 2021 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 is 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 tested 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 or 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 2021/22, 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 six 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%
>£1,000	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 of 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 Services.

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

Instruments with quoted market prices – 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 2020/21.

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 probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the 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, taking into account 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.

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

14.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation, whose existence will only be confirmed by the occurrence, or otherwise, of uncertain future events not wholly within the control of the 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 (Note 40).

14.3 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset, the existence of which will only be confirmed by the occurrence, or otherwise, of uncertain future events not wholly 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 (Note 43).

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 taken into account 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 taking into account 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. Charges 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 Housing Revenue Account (HRA) provision is calculated as being 2% of the opening HRA Capital Financing Requirement (CFR). The Council reviewed its MRP policy and changed the method of calculation of MRP for the Council Fund element from 1 April 2018. The Council previously calculated MRP on a 4% reducing balance basis for supported borrowing and an asset life basis for capital items funded by unsupported borrowing. The new method provides a consistent approach and expenditure funded by supported borrowing will also be charged on the asset-life basis. For assets funded by supported borrowing at 1 April 2018, the asset-life of these have been assumed as 50 years as the borrowing would have funded a number of assets. Any new assets after 1 April 2018 funded from supported borrowing and unsupported borrowing will be based on the actual expected asset life for that asset. The MRP methodology was changed to ensure a consistent and a more prudent approach which more accurately matches the MRP with the life of the asset which is being funded.

An exception to this policy arises in respect of expenditure which is subject to a capitalisation direction issued under Section 40(6) of the Local Government and Housing Act 1989. Any such expenditure will be amortised either in accordance with the above policy or over the number of years specified within the direction.

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 at 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 was 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;
- Unitised 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 (taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments).

c) 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.

ch) 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 Central 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 at 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 carrying out 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 2022

	2021/22 £'000	2020/21 £'000
Expenditure		
Management and Maintenance - Repairs and Maintenance	4,174	3,189
Management and Maintenance - Supervision and Management	5,751	5,000
Rents, Rates, Taxes and Other Charges	6	144
Depreciation, Impairment and Revaluation Losses of Non-current Assets	6,088	9,993
Debt Management Costs	12	12
Movement in the Impairment Allowance for Bad Debts	79	46
Movement in the Accumulated Absences Accrual	9	58
Total Expenditure	16,119	18,442
Income		
Dwelling Rents	(18,779)	(18,313)
Non-dwelling Rents	(218)	(212)
Charges for Services and Facilities	(228)	(212)
Contributions towards Expenditure	(184)	(133)
Other	(115)	(210)
Total Income	(19,524)	(19,080)
Net Expenditure of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement	(3,405)	(638)
HRA Services' Share of Corporate and Democratic Core	56	56
Net Expenditure of HRA Services	(3,349)	(582)
HRA Share of the Operating Income and Expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
(Gain) on sale of HRA Non-current Assets	-	-
Revaluation of Assets	-	(94)
Interest Payable and Similar Charges	1,605	1,722
Interest and Investment Income	(6)	(10)
Capital Grants and Contributions receivable:		
- Major Repairs Allowance	(2,685)	(2,674)
- Other	(2,695)	(2,703)
Deficit for the Year on HRA Services	(7,130)	(4,341)

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

	2021/22 £'000	2020/21 £'000
Balance on the HRA at the end of the Previous Reporting Period	(9,723)	(8,597)
(Surplus)/Deficit for the Year on HRA Services	(7,130)	(4,341)
Adjustments between Accounting and Funding Bases under Statute	3,785	3,185
Net (increase)/decrease before Transfers to/from Reserves	(3,345)	(1,156)
Transfers to/(from) Earmarked Reserves	-	30
Net (Increase)/Decrease in Year on the HRA	(3,345)	(1,126)
Adjustment to Reserve	735	-
Balance on the HRA at the end of the Current Reporting Period	(12,333)	(9,723)

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 Covid pandemic has affected the Councils ability to purchase former Council Houses and commission newly built properties. As at 31 March 2022, the number of dwellings totaled 3,887, an increase of 32 from 2020/21, with the split by type of dwelling made up as follows:-

	31 March 2022	31 March 2021
Council Owned Stock		
Houses	2,067	2,043
Bungalows	1,058	1,054
Flats	754	750
Bedsits	8	8
Total Council Owned	3,887	3,855

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2021/22 £'000	2020/21 £'000
Capital investment		
Houses	9,723	12,623
Sources of funding		
Capital Receipts	-	-
Government grants and other contributions	(5,379)	(5,377)
Direct Revenue Financing	(4,344)	(7,246)
Total	(9,723)	(12,623)

The Major Repairs Allowance for 2021/22 of £2.685m was used in full during the year (£2.674m in 2020/21).

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

	2021/22 Impairment £'000	2021/22 Depreciation £'000	2021/22 Total £'000	2020/21 Impairment £'000	2020/21 Depreciation £'000	2020/21 Total £'000
Land	-	-	-	-	-	-
Dwellings	1,616	4,079	5,695	5,654	3,701	9,355
Other Property - Operational Assets	-	393	393	-	255	255
	1,616	4,472	6,088	5,654	3,956	9,610

NOTE 5 – CAPITAL RECEIPTS FROM DISPOSAL OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HOUSING REVENUE ACCOUNT

	2021/22 No. of Sales	2021/22 £'000	2020/21 No. of Sales	2020/21 £'000
Council dwellings				
Right to Buy	-	-	-	-
Discounts repaid	-	-	-	-
Other Receipts				
Land sales	-	-	6	(14)
Other property sales	-	-	1	(3)
Mortgage Property	-	-	-	-
				(17)
Less set aside	-	-	-	-
Total				(17)

NOTE 6 – RENT ARREARS AND BAD AND DOUBTFUL DEBTS

During 2021/22, total rent arrears increased by £0.019m. A summary of rent arrears and prepayments is shown in the following table:-

Rent Arrears	2021/22 £'000	2020/21 £'000
Current Tenant Arrears	553	541
Former Tenant Arrears	285	278
Total Rent Arrears	838	819
Prepayments	(275)	(271)
Total Debt	563	548

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £0.628m against rents (£0.584m in 2020/21).

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	2021/22 £'000	2020/21 £'000
Current Service Cost	(777)	(292)
Employer Contributions actually paid	777	292
Contribution to Pension Reserve	-	-

It has not been possible to determine how much of the pension interest costs and expected return on assets per the actuarial report relate to the Housing Revenue Account, so these have been fully allocated to the Council Fund.

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Anglesey Access Group	Robert G Parry OBE FRAGS
Anglesey Agricultural Show	Kenneth P Hughes
Anglesey and Gwynedd Safer Communities Partnership	Llinos Medi Huws
Anglesey CAB	Nicola Roberts
Anglesey Language Forum	Llinos Medi Huws, Gwilym O Jones, R Meirion Jones, Ieuan Williams, Bryan Owen
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Richard Dew, Eric Wyn Jones Dafydd Roberts, Nicola Roberts, Robin Wyn Williams.
Betsi Cadwaladr Stakeholder Reference Group	Llinos Medi Huws
Carers' Champion	Robert G Parry OBE FRAGS
Champion for Adults Safeguarding	Llinos Medi Huws
Champion for Children in Care	Richard Griffiths
Champion for Diversity	Margaret Murley Roberts
Champion for Equality	Nicola Roberts
Champion for Members	Robert Llewelyn Jones
Champion for Older People	Robert Llewelyn Jones
Champion for Scrutiny	Gwilym O Jones
Champion for the Armed Forces	Richard Dew
Children and Young People's Champion	Llinos Medi Huws
Court of Governors, University of Wales, Bangor	R Meirion Jones
Cwmni CYNNAL AGM	Margaret Murley Roberts
Cwmni Fran Wen	Vaughan Hughes
CYNNAL Management Committee	R Meirion Jones, Dafydd Roberts, Ieuan Williams Deputy Leader of the Council is the Chief Executive Officer of Cynnal.
Destination Anglesey Partnership (DAP)	Richard Dew
Fostering Panel	Richard Griffiths
Grwp Llandrillo/Menai	R Meirion Jones
GwE Joint Committee	R Meirion Jones
Gwynedd & Anglesey Adoption Panel	Dylan Rees
Gwynedd & Anglesey Youth Justices Service	Llinos Medi Huws
Gwynedd Pensions Fund Committee (Gwynedd Council)	Robin Wyn Williams
Joint Council for Wales	John Griffith, Dafydd Rhys Thomas
Medrwn Môn	Llinos Medi Huws
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Robert G Parry OBE FRAGS
Menter Môn	Ieuan Williams
North and Mid Wales Trunk Road Joint Committee	Robert G Parry OBE FRAGS
North Wales Community Health Council (Anglesey Local Committee)	Trefor Lloyd Hughes MBE, Glyn Haynes, Dylan Rees
North Wales Economic Ambition Board	Llinos Medi Huws
North Wales Fire and Rescue Authority	Richard Griffiths, Dylan Rees, Eric Wyn Jones

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
North Wales Fire and Rescue Authority Audit Committee	Eric Wyn Jones
North Wales Fire and Rescue Authority Executive Panel	Richard Griffiths, Dylan Rees
North Wales Housing Association	Alun Wyn Mummery
North Wales Leadership Board	Llinos Medi Huws
North Wales Police and Crime Panel	Dylan Rees
North Wales Regional Waste Plan Review Steering Group	Robert G Parry OBE FRAGS
North Wales Residual Waste Treatment Joint Committee	Richard Dew, Robert G Parry OBE FRAGS
North Wales Safer Communities Board	Llinos Medi Huws
North Wales Tourism Partnership	Carwyn Jones
Owen Lloyd, Penrhoslligwy Educational Trust	Vaughan Hughes
Public Service Board Anglesey and Gwynedd	Llinos Medi Huws
Regional Partnership Board	Llinos Medi Huws
Sustainable Development Fund Partnership	Richard Dew
The Harbour Trust, Caernarfon	Robert G Parry OBE FRAGS
Voluntary Sector Liaison Committee	Llinos Medi Huws, Aled Morris Jones, Gwilym O Jones, R Meirion Jones, Alun Mummery
Welsh Local Government Association	Llinos Medi Huws, Ieuan Williams, J Arwel Roberts
Wylfa Newydd Project Liaison Group	John Griffith, Richard Griffiths, Kenneth P Hughes, Llinos Medi Huws, Aled Morris Jones, Richard Owain Jones, Dafydd Rhys Thomas
Wylfa Site Stakeholder Group	John Griffith, Richard Griffiths, Kenneth P Hughes, Llinos Medi Huws, Aled Morris Jones, Gwilym O Jones, Richard Owain Jones

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 at 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

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

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will 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 BORROWING

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