Cyngor Gwynedd

STATEMENT OF ACCOUNTS 2022/23

Finance Department
www.gwynedd.llyw.cymru

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NARRATIVE REPORT

Introduction

Cyngor Gwynedd's accounts for the year 2022/23 are presented here on pages 9 to 86.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

- **Comprehensive Income and Expenditure Statement** - This is the Council's main revenue account. 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Movement in Reserves Statement** - This statement shows the movement in year on the different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'. The taxation position is reflected in the Movement in Reserves Statement.

- **Balance Sheet** - Sets out the financial position of the Council on 31 March 2023.

- **Cash Flow Statement** - This statement summarises the flow of cash to and from the Council during 2022/23 for revenue and capital purposes.

- **The Welsh Church Fund and FMG Morgan Trust Fund Accounts.**

These accounts have been prepared on a going concern basis and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

Cyngor Gwynedd's Vision and Priorities

Cyngor Gwynedd's vision and priorities are included in the Cyngor Gwynedd Plan that was reviewed in March 2022. The Plan supports the Council's vision of seeing every community in Gwynedd thriving, which means that the residents of Gwynedd:

- Enjoy happy, healthy and safe lives,
- Receive education of the highest quality which will enable them to do what they want to do,
- Earn a sufficient salary to be able to support themselves and their families,
- Live in quality homes within their communities,
- Live in a natural Welsh society,
- Live with dignity and independently for as long as possible,
- Take advantage of the beauty of the County's natural environment,

These objectives have been published in the Council's well-being statement, which also explains how they contribute to the national well-being goals set by Welsh Government in the Well-being of Future Generations (Wales) Act 2015.

This Plan notes how the Council's work contributes to realising this vision through a combination of the day-to-day work of the Council's Departments and specific projects which have been identified in order to address those fields for which most of the Council's efforts are needed to develop them. These projects have been summarised under the Improvement Priorities. Each one of the improvement priorities contributes to several of the well-being objectives.

Details of the Cyngor Gwynedd Plan 2018 – 2022 – 2022/23 Review is available at:
https://www.gwynedd.llyw.cymru/en/Council/Documents---Council/Strategies-and-policies/Gwynedd-Council-Plan-2018-23/Council-Plan-2022-23-3-1.pdf

Financial Strategy

The Council's Financial Strategy and 2022/23 Budget adopted by the Council at its meeting on 3 March 2022 sets out the foundation for us to achieve the improvement priorities, whilst also trying to meet the continuous increase in demand for our services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:
https://www.gwynedd.llyw.cymru/en/Council/Strategies-and-policies/Finance/Financial-strategy.aspx

An increase was seen in Cyngor Gwynedd's grant in 2022/23 from the Welsh Government, which was a significant increase on what we received in previous years. Despite the reasonable settlement, there were several factors that created additional spending pressures on our services in setting the 2022/23 Budget. Therefore, as well as addressing an inflation rate that was higher than it has been for several years, there was an opportunity to deal with wider spending pressures including addressing ongoing costs arising from the Covid crisis and removing or postponing savings plans that were not feasible to realise in 2022/23. In setting the budget, we have tried to minimize the impact of the savings on the residents of Gwynedd. Therefore, the financial situation will continue to pose a significant challenge to us in planning our services for the future. We will therefore continue with the task of ensuring that we achieve those efficiency savings already approved and ensure that we plan for the future to minimize any cuts to services.

The financial impact of the Covid crisis has been significant for the Council, with a combination of additional costs, income losses and a failure to realise savings. The impact was not as significant in 2022/23 compared to the previous two years and unlike previous years there was no financial support available to the Council from the Welsh Government.

It is not anticipated that the impact of Covid-19 has significantly affected the value of the Council's assets and liabilities. However, the worldwide economic situation and higher inflation rates has proved to have an effect and more assets than anticipated needed revaluation due to the increase in costs. These assumptions will need to be reviewed regularly.

Performance Measuring

The Council's Performance Management Framework is a cycle which supports the planning, management and reporting on the performance of our services to ensure the best for the people of Gwynedd today and tomorrow. The Cyngor Gwynedd Annual Performance Report describes our success in achieving our improvement priorities and also provides information on the performance of Council departments and how they assist the people of Gwynedd. The report is available at:
https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Council-performance/Performance-Measuring.aspx

Financial Performance 2022/23

- Despite many factors including failure to realise savings, salary inflation above budget level, reduction of income as a result of the financial impact of Covid, increasing electricity prices, the final financial position of the Council's departments for 2022/23 confirms that there was effective financial management. The financial out-turn position for 2022/23 was reported to Cabinet at its meeting on 13 June 2023. Members of the Cabinet approved the net services overspend of £143k for the year.

- Although the impact is not as substantial in 2022/23 compared to the last two years, additional costs, income losses and a slippage in the savings programme as a result of Covid continue in some fields.

- In the last review of the revenue budget undertaken on the end of November position, a shortfall of £4.3m was anticipated. Since then, the overspend position in the adults social care, waste and homelessness fields has worsened; however, the favourable position of many corporate budgets helps to alleviate the financial position of the Council by the end of the financial year.

- At the end of the 2022/23 financial year, overspend position is reported by 7 departments as a result of many factors already noted. The trend continues and is worsening with substantial pressures in the field of adult social care, waste and homelessness.

- The 2022/23 financial position was taken into consideration in the process of establishing the 2023/24 budget.

- The Comprehensive Income and Expenditure Statement on page 10 shows that the Council's gross revenue expenditure on 'Cost of Services' level was £498m during 2022/23, with the net position as £334m.

TABLE 1 – Budget and Actual Comparison Summary (Net)

The Council's net budget is mainly financed through council tax, general government grants and national non-domestic rates and totals £318m for 2022/23.

Table 1 provides a budgetary performance comparison at a summary level, and which is detailed further in Table 2.

	Budget	**Actual**	**Variance**
	£'000	**£'000**	**£'000**
Net Expenditure on Operations	316,863	318,067	1,204
Departmental Carry Forward at year-end	0	(143)	(143)
	316,863	317,924	1,061
Financed by -			
Council Tax Income	(103,649)	(104,710)	(1,061)
Revenue Grants and Contributions	0	0	0
Share of National Non-Domestic Rate	(45,519)	(45,519)	0
General Government Grants	(167,695)	(167,695)	0
Contribution from the General Fund Balance	0	0	0
	0	0	0

The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 10 and 11 detail the movements for the year.

TABLE 2 – Transposition movement between 'Budget and Actual Comparison Summary (Net)' (Table 1) to the Income and Expenditure format reflecting Departmental Management Structure.

Department	Performance Report (Outturn)	Transposition Adjustment	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Education	98,255	3,742	**101,997**	13,062	**115,059**
Corporate Support	8,098	23	**8,121**	1,583	**9,704**
Finance	7,397	(193)	**7,204**	3,026	**10,230**
Economy and Community	5,857	(1,411)	**4,446**	4,433	**8,879**
Adults, Health and Well-being	70,085	266	**70,351**	7,217	**77,568**
Children and Family Support	21,409	148	**21,557**	2,699	**24,256**
Highways and Municipal (including Trunk Roads)	30,037	(436)	**29,601**	10,809	**40,410**
Environment	3,727	(550)	**3,177**	5,472	**8,649**
Housing and Property	9,592	430	**10,022**	5,042	**15,064**
Corporate Management Team and Legal	2,379	17	**2,396**	297	**2,693**
Gwynedd Consultancy	129	(9)	**120**	1,558	**1,678**
Corporate	13,305	5,220	**18,525**	1,777	**20,302**
Cost of Services	270,270	7,247	**277,517**	56,975	**334,492**
Other (Contains Centralised and Corporate Adjustment)	47,654	(7,247)	**40,407**	(56,975)	**(16,568)**
Total	317,924	0	**317,924**	0	**317,924**

Transposition Adjustment - Adjustments in the transposition column relate to the net contribution to and from reserves.

- **Material Items of Income and Expenditure**

  Related items include:
  - £285m on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).
  - Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), a net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £29m (Note 23.1) and the revaluation and impairment cost to the Services is £2m (Note 15).

- **Other Issues**
  - There is significant economic instability and financial risks in the UK and globally. With the Office for Budget Responsibility (OBR) having noted that the UK's medium-term fiscal outlook has worsened since March 2022 due to a weak economy, higher interest rates and unemployment. The Council has taken these circumstances into account in its financial plans, keeping a prudent level of reserves.
  - The war in Ukraine has contributed to increasing gas costs and therefore associated electricity costs, which in turn has had an impact on prices of food and basic goods.

Capital Expenditure in 2022/23

Capital expenditure for 2022/23 amounted to £37.1m. The following table gives an analysis of this expenditure and the way it was financed.

TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

2021/22 £'000		2022/23 £'000
7,521	Education	7,573
10,288	Environment	6,244
60	Corporate Support	7
598	Finance	948
2,882	Economy and Community	2,232
4,444	Housing and Property	6,798
1,378	Adults, Health and Wellbeing	428
1,468	Children and Family Support	1,213
8,045	Highways and Municipal	7,920
370	Gwynedd Consultancy	3,768
37,054		**37,131**
	FINANCED BY -	
2,985	Borrowing	8,243
33,990	Grants and Contributions	19,942
79	Capital Receipts	695
0	Revenue and Other Funds	8,251
37,054		**37,131**

- Revenue Expenditure Funded from Capital Under Statute of £6m is included in the above table. This has been charged to the Income and Expenditure Statement in the year. Total expenditure on Non-current Assets and Assets Held for Sale was £32.4m as shown in Notes 15 and 20.

- The Council's Loan Debt at 31 March 2023 was £102.5m – a decrease of £1.4m (from £103.9m) during the year. Repayments of £1.6m were made in accordance with the terms of individual loans.

Provisions and Reserves

In addition to the unearmarked element of General Balances of £7.9m, the Council had other provisions of £9.5m, earmarked reserves of £103.6m and school balances of £11.9m. In total, these amounted to £132.9m. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10 and 22.

The adequacy of the Council's specific reserves and provisions was reviewed by the Head of Finance in closing the accounts this year, in accordance with the approved policy. This review was successful in harvesting £3,918k of resources, and the Cabinet approved (at its meeting on 13 June 2023) is to be used in its entirety to assist the 2022/23 financial situation.

Covid-19 and Government Grants

Since the Covid-19 pandemic, the Council received grants and financial support to compensate for additional expenditure, Furlough and income loss from the Government in 2020/21 and 2021/22. In 2021/22 the Council was compensated £16m. These grants were not available to the Council during 2022/23.

Since the Covid pandemic the Council has been asked to administer a number of grants or financial support on behalf of the Welsh Government, including payments to care workers, school meals payments and winter fuel. This continued in 2022/23 (Note 28).

Pension Fund

The Balance Sheet contains an assessment by the Fund's Actuary, Hymans Robertson, of the Council's share of the Pension Fund liability. In order to comply with International Accounting Standard 19, the Council has shown a negative liability as at 31 March 2023 on its Balance Sheet. Refer to Note 38 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short term and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The last valuation was at 31 March 2022, with the next to be held 31 March 2025.

Governance

Cyngor Gwynedd is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Further information is included within the Annual Governance Statement.

Accounting Policies

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2022/23 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Changes in Accounting Policies and to the Accounts

The Council's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2022/23 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

Further Information

The Statement of Accounts is available on Cyngor Gwynedd's website www.gwynedd.llyw.cymru.

Further information relating to the accounts is available from:

Ffion Madog Evans	or	Sian Pugh
Assistant Head of Finance		Assistant Head of Finance
Accounting and Pensions		Sustainability and Developments
01286 679133		01286 679134

Finance Department
Cyngor Gwynedd
Council Offices
Caernarfon
Gwynedd
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website at the appropriate time.

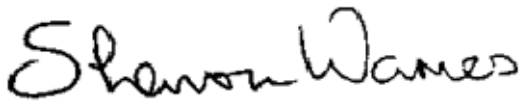
CYNGOR GWYNEDD

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

Cyngor Gwynedd 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 Cyngor Gwynedd, that "Section 151 Officer" is the Head of Finance. It is also the Council's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.



Chair of Governance and Audit Committee **18 January 2024**

THE HEAD OF FINANCE'S RESPONSIBILITIES

The Head of Finance 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 the Statement of Accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of Cyngor Gwynedd at 31 March 2023 and the Council's income and expenditure for the year then ended.

8 December 2023

Dewi Aeron Morgan CPFA
Head of Finance, Cyngor Gwynedd

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

EXPENDITURE AND FUNDING ANALYSIS

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis and Funding Basis (see Note 8 & 9)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
86,132	11,841	97,973	Education	101,997	13,062	115,059
7,038	1,778	8,816	Corporate Support	8,121	1,583	9,704
6,120	3,028	9,148	Finance	7,204	3,026	10,230
2,685	3,920	6,605	Economy and Community	4,446	4,433	8,879
57,233	7,757	64,990	Adults, Health and Well-being	70,351	7,217	77,568
18,892	2,792	21,684	Children and Family Support	21,557	2,699	24,256
24,680	12,141	36,821	Highways and Municipal (including Trunk Roads*)	29,601	10,809	40,410
2,944	5,143	8,087	Environment	3,177	5,472	8,649
3,060	4,606	7,666	Housing and Property	10,022	5,042	15,064
1,799	336	2,135	Corporate Management Team and Legal	2,396	297	2,693
(216)	1,716	1,500	Gwynedd Consultancy	120	1,558	1,678
18,232	2,910	21,142	Corporate	18,525	1,777	20,302
228,599	**57,968**	**286,567**	**Cost of Services**	**277,517**	**56,975**	**334,492**
26,175	503	26,678	Other Operating Expenditure	27,931	(123)	27,808
12,842	281	13,123	Financing and Investment Income and Expenditure	19,724	(8,637)	11,087
(298,704)	(32,983)	(331,687)	Taxation and Non-specific Grant Income	(317,925)	(16,075)	(334,000)
(31,088)	**25,769**	**(5,319)**	**(Surplus)/Deficit on Provision of Services**	**7,247**	**32,140**	**39,387**
(99,559)			Opening General Fund Balance	(130,647)		
(31,088)			(Surplus)/Deficit on General Fund in year	7,247		
(130,647)			Closing General Fund Balance	**(123,400)**		

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and in the Movement in Reserves Statement.

2021/22					2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
134,893	(36,920)	97,973	Education		148,925	(33,866)	115,059
10,049	(1,233)	8,816	Corporate Support		10,696	(992)	9,704
12,953	(3,805)	9,148	Finance		14,060	(3,830)	10,230
16,710	(10,105)	6,605	Economy and Community		19,313	(10,434)	8,879
99,517	(34,527)	64,990	Adults, Health and Well-being		105,391	(27,823)	77,568
37,402	(15,718)	21,684	Children and Family Support		41,435	(17,179)	24,256
55,380	(18,559)	36,821	Highways and Municipal (including Trunk Roads*)		57,250	(16,840)	40,410
19,683	(11,596)	8,087	Environment		19,100	(10,451)	8,649
19,867	(12,201)	7,666	Housing and Property		26,314	(11,250)	15,064
3,006	(871)	2,135	Corporate Management Team and Legal		3,283	(590)	2,693
7,373	(5,873)	1,500	Gwynedd Consultancy		7,595	(5,917)	1,678
48,618	(27,476)	21,142	Corporate		44,483	(24,181)	20,302
465,451	**(178,884)**	**286,567**	**Cost of Services**		**497,845**	**(163,353)**	**334,492**
26,678	0	26,678	Other Operating Expenditure	*11*	27,931	(123)	27,808
13,679	(556)	13,123	Financing and Investment Income and Expenditure	*12*	12,928	(1,841)	11,087
0	(331,687)	(331,687)	Taxation and Non-specific Grant Income	*13*	0	(334,000)	(334,000)
505,808	**(511,127)**	**(5,319)**	**(Surplus)/Deficit on Provision of Services**		**538,704**	**(499,317)**	**39,387**
		(27,886)	(Surplus)/Deficit on revaluation of Fixed Assets	*23.1*			(28,694)
		(930)	(Surplus)/Deficit on revaluation of Financial Instruments	*23.3*			1,190
		(165,463)	Remeasurements of the net pension defined benefit liability/(asset)	*23.5*			(284,950)
		(194,279)	**Other Comprehensive (Income) and Expenditure**				**(312,454)**
		(199,598)	**Total Comprehensive (Income) and Expenditure**				**(273,067)**

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end 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 'unusable reserves'. The Statement shows how the movements in the year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

		Additional Information			**Statement of Movement in Reserves**					
	Note	*Unearmarked General Fund Balance*	*Earmarked General Fund Reserves*	*Total Reserves held by Schools*	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	**Total Usable Reserves**	**Unusable Reserves**	**Total Council Reserves**
		£'000	*£'000*	*£'000*	£'000	£'000	£'000	**£'000**	**£'000**	**£'000**
Balance 31 March 2021 carried forward		*(9,412)*	*(79,394)*	*(10,753)*	(99,559)	(2,373)	(5,986)	**(107,918)**	**47,479**	**(60,439)**
Movement in reserves during 2021/22										
Adjustments to the opening balance		*0*	*0*	*0*	0	0	0	**0**	**112**	**112**
Total Comprehensive Income and Expenditure		*(5,319)*	*0*	*0*	(5,319)	0	0	**(5,319)**	**(194,279)**	**(199,598)**
Adjustments between accounting basis and funding basis under regulations	*9*	*(25,769)*	*0*	*0*	(25,769)	(206)	(3,381)	**(29,356)**	**29,356**	**0**
(Increase)/Decrease in 2021/22		*(31,088)*	*0*	*0*	(31,088)	(206)	(3,381)	**(34,675)**	**(164,811)**	**(199,486)**
Transfers to/from Earmarked Reserves	*10*	*32,588*	*(26,646)*	*(5,942)*	0	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2021/22 (showing transfers to Earmarked Reserves)		*1,500*	*(26,646)*	*(5,942)*	(31,088)	(206)	(3,381)	**(34,675)**	**(164,811)**	**(199,486)**
Balance 31 March 2022 carried forward		*(7,912)*	*(106,040)*	*(16,695)*	(130,647)	(2,579)	(9,367)	**(142,593)**	**(117,332)**	**(259,925)**
Movement in reserves during 2022/23										
Total Comprehensive Income and Expenditure		*39,387*	*0*	*0*	39,387	0	0	**39,387**	**(312,454)**	**(273,067)**
Adjustments between accounting basis and funding basis under regulations	*9*	*(32,140)*	*0*	*0*	(32,140)	327	1,326	**(30,487)**	**30,487**	**0**
(Increase)/Decrease in 2022/23		*7,247*	*0*	*0*	7,247	327	1,326	**8,900**	**(281,967)**	**(273,067)**
Transfers to/from Earmarked Reserves	*10*	*(7,247)*	*2,469*	*4,778*	0	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2022/23 (showing transfers to Earmarked Reserves)		*0*	*2,469*	*4,778*	7,247	327	1,326	8,900	(281,967)	(273,067)
Balance 31 March 2023 carried forward		*(7,912)*	*(103,571)*	*(11,917)*	(123,400)	(2,252)	(8,041)	**(133,693)**	**(399,299)**	**(532,992)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. 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 may 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 (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022		***Note***	**31 March 2023**
£'000			**£'000**
531,843	Property, Plant and Equipment	*15*	570,819
60	Heritage Assets		59
165	Investment Property	*16*	165
2,257	Surplus Assets	*15*	2,193
17	Long-Term Investments	*17*	17
3,989	Long-Term Debtors	*17*	4,335
538,331	**Long-Term Assets**		**577,588**
79,859	Short-Term Investments	*17*	89,851
0	Assets Held for Sale	*20*	47
2,293	Inventories		1,686
107,045	Short-Term Debtors	*18*	85,878
18,068	Cash and Cash Equivalents	*19*	62,880
207,265	**Current Assets**		**240,342**
(21,700)	Bank Overdraft	*19*	(16,886)
(2,055)	Short-Term Borrowing	*17*	(2,907)
(95,058)	Short-Term Creditors	*21*	(134,845)
(316)	Short-Term Provisions	*22*	(362)
(10,540)	Capital and Revenue Grants Receipts in Advance	*32*	(17,894)
(129,669)	**Current Liabilities**		**(172,894)**
(8,388)	Long-Term Provisions	*22*	(9,111)
(101,807)	Long-Term Borrowing	*17*	(99,595)
(242,165)	Pension Liability	*38*	4,482
(1,189)	Finance Leases Liability	*35*	(997)
(2,453)	Capital and Revenue Grants Receipts in Advance	*32*	(6,823)
(356,002)	**Long-Term Liabilities**		**(112,044)**
259,925	**Net Assets**		**532,992**
(142,593)	Usable Reserves		(133,693)
(117,332)	Unusable Reserves	*23*	(399,299)
(259,925)	**Total Reserves**		**(532,992)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. 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 which 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.

2021/22		***Nodyn***	**2022/23**
£'000			**£'000**
(5,319)	Net (Surplus)/Deficit on Provision of Services		39,387
(49.719)	Adjustments to net surplus or deficit on the provision of services for non-cash movements *	*24a*	(133.520)
307	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	*24b*	278
(54,731)	Net cash flows from Operating Activities		(93,855)
74,389	Investing Activities *	*25*	42,688
6,508	Financing Activities	*26a*	1,541
26,166	Net (increase)/decrease in cash and cash equivalents		(49,626)
(22,534)	Cash and cash equivalents at the beginning of the reporting period	*19*	3,632
3,632	**Cash and cash equivalents at the end of the reporting period**	*19*	**(45,994)**

* Revenue Expenditure Funded from Capital Under Statute (REFCUS) has been removed in 2022/23 and 2021/22 figures have been restated to ensure comparison.

NOTES TO THE ACCOUNTS

NOTE 1 – ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* supported by International Financial Reporting Standards (IFRS).

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

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

1.2 Accruals of Expenditure and Income

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – 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 payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

1.3 Cash and Cash Equivalents

Where the Council has short-term investments readily convertible into known amounts of cash and subject to insignificant risk of changes in value, these are classified as cash equivalents and included in Cash and Cash Equivalents on the Balance Sheet. The investments included in this definition are short-term deposits with financial institutions which are immediately available at the Balance Sheet date.

1.4 Contingent Assets / Contingent Liabilities

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

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.

Contingent assets and liabilities are not recognised in the Balance Sheet, but disclosed in the Contingent Liabilities and Contingent Assets notes in the accounts.

1.5 Corporate

The Corporate heading includes items relating to corporate policy-making and member activities, and costs that relate to the general running of the Council.

1.6 Employee Benefits

1.6.1 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 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 that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis to the appropriate service or, where applicable, to the Corporate Services line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council 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.

1.6.3 Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by the Capita Teachers' Pensions on behalf of the Westminster Government's Department for Education
- The Local Government Pension Scheme, administered by the Gwynedd Pension Fund at Cyngor Gwynedd.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education and Children and Family Support line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

1.6.4 The Local Government Pension Scheme

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme. The pension costs charged to the Council's accounts in respect of this group of employees are determined by the fund administrators and represent a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the Gwynedd Pension Fund 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 such as mortality rates, employee turnover rates, etc., and projected earnings for current employees.

NOTE 1 – ACCOUNTING POLICIES (continued)

Liabilities are discounted to their value at current prices, using a discount rate of 4.75% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

The assets of the Gwynedd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value as determined by the Fund's Actuary.

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

Service cost comprising:

- 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.

- 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 Corporate costs.

- Net interest on the net pension defined benefit liability/(asset), i.e. the net interest expense for the Council – the change during the period in the net pension defined benefit liability/(asset) that arises from the passage of time 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 pension defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net pension defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net pension defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. Local councils in England and Wales are required to produce their financial statements in accordance with IAS19.

1.6.5 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 member of staff (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.

1.7 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – 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.

1.8 Prior Period Adjustments, Changes in Accounting Policies, 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 transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) 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.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and 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 Council 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 Council 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.

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. The Council holds financial assets measured at:

- amortised cost, and

- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI). A separate accounting policy is required where an Authority holds financial instruments at fair value through other comprehensive income.

The Council'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 Council 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 Council, 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.

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.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables held by the Council. 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.

Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council 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.

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.

The measurement of our assets held at FVOCI is unit bid price at the measurement date.

1.10 Government Grants and Other Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the relevant service line in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Council has not satisfied.

Grants and contributions funding capital expenditure that have been credited to the Comprehensive Income and Expenditure Statement are not proper income charges due to the capital control regime requirements to finance capital expenditure as part of the Capital Financing Requirement. Therefore, the Council accounts for these amounts as follows:

- Where a capital grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant is recognised as a Capital Grant Receipt in Advance on the Balance Sheet. Once the condition has been met, the grant or contribution is transferred to the Comprehensive Income and Expenditure Statement.
- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11 Heritage Assets

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held by the Council principally for their contribution to knowledge or culture. The Council has identified the following categories of heritage assets:

- Pictures and Paintings
- Civic Regalia
- Library Collections/Archives
- Museums and Art Gallery Collections
- Historic Buildings and Scheduled Monuments
- Parks and Local Nature Reserves

The Council used an external valuer (Bonhams) to provide estimated valuations of its civic regalia and paintings and pictures. For consistency, the Council has applied the same deminimis levels for valuation purposes to Heritage Assets as its other long-term assets – see policy 1.17.

The Council considers that Heritage Assets held by the Council will have indeterminate life and high residual value; hence, the Council does not consider it appropriate to charge depreciation for the assets. Heritage Assets recognised in the accounts will be assessed annually for any impairment – see policy 1.17.

1.12 Inventories and Long-Term Contracts

Stocks and work in progress should be shown in the Balance Sheet at the lower of cost and net realisable value, in accordance with the provisions of the Code of Practice. Due to the practicalities of the Council's main stock systems, the majority of stock is shown in the accounts at average cost. The difference from the basis of valuation is not material.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.13 Investment Property

Investment properties are those 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. These properties are valued on a fair value basis. Values are based on specific techniques, and the inputs to these measurement techniques are categorised in accordance with three levels. All the Council's inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

1.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the property, plant or equipment to the lessee. All other leases are classified as operating leases.

The Council as Lessee:

Amounts held under finance leases are initially recognised, at the commencement of the lease, at fair value (or, if lower, the present value of the minimum lease payments), with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between a finance charge (charged directly to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement) and a charge is applied to write down the lease liability. The related asset is treated in accordance with the policies applied generally to such assets and is subject to depreciation charges as appropriate.

Operating lease payments are charged to the Comprehensive Income and Expenditure Statement as an expense of the relevant service on a straight-line basis over the lease term.

The Council as Lessor:

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal, to be included in the Other Operating Expenditure line in the Comprehensive Income and Expenditure 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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Rental income from property granted under an operating lease is recognised on a straight-line basis in the Comprehensive Income and Expenditure Statement, and the asset is retained in the Balance Sheet.

1.15 Surplus Assets

The Council classifies Surplus Assets separately on the Balance Sheet. These assets are shown at their fair value based on market value. Values are based on specific techniques, and the inputs to these measurement techniques are categorised in accordance with three levels. All the Council's inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

1.16 Overheads and Support Services

Some overheads and support services costs are apportioned to the appropriate services in accordance with the Council's arrangements for accountability and financial performance.

1.17 Long-Term Assets

The Council's assets as recorded on the Property Services database are revalued at least every five years. Since the 2015/16 financial year, the Council has established a rolling programme for re-valuing different categories of these assets annually, with valuation usually effective on 31 March each year. This is in accordance with the Code and the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Land and Buildings are shown at fair value or Depreciated Replacement Cost (DRC) for specialised properties.

Investment Properties are shown at fair value.

Vehicles, Plant, Furniture and Equipment are shown at depreciated historical cost.

Infrastructure and community assets are shown at depreciated historical cost.

Assets in the course of construction are included at historical cost until such time as they are completed, when they are valued in accordance with the accounting policies and transferred to the appropriate category of asset.

A de minimis limit for valuation purposes of £20,000 is used for the Council's operational Land and Buildings and £5,000 for single items of Vehicles, Plant, Furniture and Equipment.

Expenditure in year on new and existing assets is added annually, and then consideration is given as to whether this expenditure has increased the value of the asset. If there has been an increase, this is reflected through the Revaluation Reserve; if there is no increase it follows that there has been an impairment to the value of the asset (see below for the method for accounting for impairment). Specifically for assets categorised as Land and Buildings, and Community Assets where expenditure in year of over £100,000 has been incurred on a single asset, the Council's Senior Estates Surveyor (M.R.I.C.S.) reviews the assets and revalues any one as appropriate.

Impairment and Depreciation
Impairment
An impairment is the consumption of economic benefit that is specific to an asset. In line with International Accounting Standard 36 the Council reviews its assets each year in order to recognise any impairment or reduction in value due to the consumption of economic benefits. In addition, the residual values and useful lives of assets are reviewed annually and adjusted where appropriate.

Where impairment losses 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).
- Where there is no balance in the Revaluation Reserve for an asset or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Depreciation
The main element of IAS 16 is that buildings must be depreciated if they are not valued each year. In addition, each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. A de minimis threshold, below which assets are disregarded for componentisation purposes, needs to be established, which is based on potential material impacts on the financial statements. For the 2022/23 financial year this has been set at 1% of the total value of the buildings at the beginning of the year. The apportionment to be considered for the non-land element of assets above the de minimis threshold is:
a) plant and equipment and engineering services, and
b) structure

The majority of the Council's buildings (over 75%) are valued using the DRC (Depreciated Replacement Cost) method, which is developed on a component approach, and the identification of the components is reflected in the details of the calculations. However, identified within the above are buildings which include material items of plant and equipment which are deemed to have shorter useful lives, e.g. boilers and heating equipment within swimming pools and leisure centres. These components are recognised by adjusting the useful life of the building to take account of the shorter life components.

For the remaining buildings, based on a review of the nature and type of buildings which the Council owns, these are deemed to have no significant items of plant and equipment or engineering services that need to be componentised separately.

Depreciation is generally charged on the Balance Sheet value of assets to write them off as follows:
(i) Vehicles, Plant, Furniture and Equipment are depreciated over their estimated useful life (3–15 years, or more with supporting evidence)
(ii) Infrastructure is depreciated over 40 years
(iii) Revenue Expenditure funded from Capital under Statute is written down in the period in which it arises
(iv) Land is not depreciated
(v) Buildings are depreciated over their estimated remaining useful life (5–80 years)
(vi) Investment Properties, Assets under Construction and Assets Held for Sale are not depreciated

Depreciation is not charged in the year of acquisition.

Minimum Revenue Provision
The Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Welsh Ministers and local authorities are required to "have regard" to such Guidance under section 21(1B) of the Local Government Act 2003.

The four MRP options available are:
- Option 1: Regulatory Method
- Option 2: Capital Financing Requirement Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2022/23: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Council chooses).

The MRP Statement was submitted to Council before the start of the 2022/23 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council applied Option 1 in respect of supported capital expenditure funded from borrowing, and Option 3 in respect of unsupported capital expenditure funded from borrowing.

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the IFRS-based Accounting Code of Practice matches the annual principal repayment for the associated deferred liability.

The Council reviews this policy annually in light of the Asset Management Plan.

In accordance with the Code of Practice, revenue financing of capital expenditure on Council Fund Services is appropriated to the Capital Adjustment Account.

1.18 Council Tax and National Non-Domestic Rates
Council Tax and National Non-Domestic Rates income for the year is treated as accrued income, and is included within the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement.

Cyngor Gwynedd is a Council Tax and Non-Domestic Rates billing Authority. It collects Council Tax on behalf of itself and other authorities, and collects Non-Domestic Rates as an agent on behalf of the Welsh Government.

1.19 Provisions
Provisions are made where an event has taken place on or before the Balance Sheet date:
- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has take place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

NOTE 1 – ACCOUNTING POLICIES (continued)

1.20 Reserves (and Balances)

In accordance with the requirements of the Local Government Act 1992, the Council maintains a –

- General Fund which represents the general reserves ("balances") of the Council, namely a working balance to help cushion the impact of uneven cash flows and as a contingency to cushion the impact of unexpected events or emergencies.

- Number of capital and revenue Specific Reserves earmarked for specific purposes, namely, money accumulated to meet anticipated commitments. The Council undertakes a continuous review of the adequacy and use of specific reserves.

- The Council takes a risk-based approach to maintaining an adequate level of balances and reserves to meet future spending needs. When considering the annual budget and medium-term financial strategy, the Council will set out its intention regarding the level of general balances and reserves, in the context of all relevant risks. Refer to the approval of the full policy in respect of reserves by the Council Cabinet on 23 June 2015.

- Certain reserves, namely "unusable reserves", are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Council.

1.21 Revenue Expenditure Funded from Capital Under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as an asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax. This type of expenditure is valued at historical cost and written down over a year.

1.22 Value Added Tax

Only in a situation when VAT is irrecoverable will VAT be included or charged as 'irrecoverable VAT' in capital and revenue expenditure.

1.23 Debtors and Creditors

The Council's accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. The accounts reflect actual expenditure and income relating to the year in question irrespective of whether the payments or receipts have actually been paid or received in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years, and certain annual payments such as insurance. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

1.24 Allocation of Interest and Receivable Dividends

The Council invests surplus funds for periods varying from overnight to 13 months (with the exception of investments in pooled funds) and the interest is credited to the General Fund, Gwynedd Pension Fund, Welsh Church Fund and other trust funds and joint committees based on the level of their daily balances and the rate of interest earned. The dividends from the pooled funds are paid into the General Fund.

1.25 Borrowing Costs

The Council does not capitalise borrowing costs attributable to the acquisition, construction or production of a qualifying asset as permitted by the Code.

Interest payable on external loans is included in the accounts in the period to which it relates on a basis which reflects the overall economic effect of the borrowings.

1.26 Interest in Companies and Other Entities

The Council has interests in companies and other entities which are required to be included in the financial statement. In line with materiality considerations, the North Wales Economic Ambition Board Joint Committee has been included within the Council's financial statement. The consolidation was conducted on a line-by-line basis and apportioned to each authority on actual transactions in the first instance with the remaining transactions and balances split in

accordance with their Governance Agreement. The transactions for the Joint Planning Policy Committee and the two joint operations (Test, trace and Protect Programme; Bus Emergency Scheme) have also been consolidated into the Council's financial statement.

Based on materiality, the following joint committees have not been consolidated into the Council's financial statement:-

- GwE
- North Wales Residual Waste Treatment Project

Based on materiality, group accounts have not been produced to include Cwmni Byw'n Iach.

1.27 Current Assets Held for Sale

In order for an asset to be recognised as Held for Sale, the asset must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed and the sale completed within one year from the date of classification. The asset is recognised at fair value (market value) less costs to sell on reclassification. Values are based on specific techniques, and the inputs to these measurement techniques are categorised in accordance with three levels. All the Council's inputs are level 3 (unobservable inputs for the asset). This is due to the level of adjustment required to all evidence due to the uniqueness of the assets, and the dearth of relevant market transactions.

1.28 Disposal of Assets

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet 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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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.

1.29 Capital Receipts

When the Council sells an asset, legislation prescribes the use of the proceeds received.

All capital receipts that belong to the Council's Fund are 100% usable and it is no longer necessary to set aside a percentage of the receipt. The receipts are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure.

1.30 Service Concession Arrangements

Service Concession Arrangements, otherwise known as Private Finance Initiative (PFI) schemes, are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor for the duration of the contract but where the assets transfer to the Council at the end of the period without any additional cost. The Council controls the service that is provided and is able to control who else is able to use the facility. The cost of using the facility is agreed with the Company before setting the agreement through a competitive dialogue process.

1.31 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangements. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises its share of assets, liabilities, revenue and expenses.

1.32 Schools

The *Code of Practice on Local Authority Accounting in the United Kingdom* confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority accounts (and not the Group Accounts). Therefore schools'

transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

1.33 Fair Value Measurement of Non-Financial Assets

The Council's accounting policy for fair value measurement of financial asset is set out in note 1.9. The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

a. in the principal market for the asset, or
b. in the absence of a principal market, in the most advantageous market for the asset.

The Council 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.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; or
- Level 3 – unobservable inputs for the asset.

1.34 Other Policies

Cyngor Gwynedd has policies in respect of the following, but they are not considered material for the 2022/23 financial year:

- Intangible Assets
- Foreign Currency Conversion.

NOTE 2 – CHANGE IN ACCOUNTING POLICY

The Council's existing accounting policies are amended only insofar as to reflect the guidance in the 2022/23 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

In the 2021/22 Statement of Accounts, Revenue Expenditure Funded from Capital Under Statute (REFCUS) was included in the Cash Flow Statement under 'Adjustments to net surplus or deficit on the provision of services for non-cash movements' and 'Investing Activities'. A prior period adjustment has been made in order to correct the inclusion of REFCUS in these lines. The following tables reflect the restatements that have been made to the 2021/22 main Statement of Accounts and the relevant Notes to the Accounts.

CASH FLOW STATEMENT

	As previously stated 2021/22 £'000	Restatement £'000	Restated 2021/22 £'000
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(56,773)	7,054	(49,719)
Net cash flows from Operating Activities	(61,785)	7,054	(54,731)
Investing Activities	81,443	(7,054)	74,389

CASH FLOW STATEMENT – ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

	As previously stated 2021/22 £'000	Restatement £'000	Restated 2021/22 £'000
Other non-cash items charged to the net surplus/ deficit on the provision of services	(8,265)	7,054	(1,211)
	(56,773)	**7,054**	**(49,719)**

CASH FLOW STATEMENT – INVESTING ACTIVITIES

	As previously stated 2021/22 £'000	Restatement £'000	Restated 2021/22 £'000
Other payments/receipts for investing activities	6,673	(7,054)	(381)
Net cash flows from investing activities	**81,443**	**(7,054)**	**74,389**

NOTE 4 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2023/24 Code:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 Leases in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Code requires implementation from 1 April 2023 and therefore there is no impact on the 2022/23 Statement of Accounts, and none of the new or amended standards within the 2023/24 Code are expected to have a material impact on the information provided in the financial statements.

NOTE 5 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make judgements, estimates and assumptions relating to complex transactions, those involving uncertainty about future events and also the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions applied are based on current proper practices, historical experience, and other factors that include historical and current assumptions and projections, and actual future projections, professional assessments, current trends, and local factors that are considered to be relevant.

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to revenue and capital grants. This issue forms an important part of the Council's continually revised financial strategy, and where all known and forecasted factors are given due consideration. Continued economic uncertainty following Britain leaving the European Union remains, and high level of inflation and interest rates, whilst the impact of Covid remains in some areas of the Council in the short and medium term. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as the revaluation, depreciation and impairment of assets, actuarial valuation of pension fund assets and commitments, earmarked reserves, provisions and contingent liability. However, because these issues cannot be determined with certainty, actual results may subsequently differ from those estimates. The estimates and underlying assumptions are continually reviewed.

NOTE 6 – 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 certain 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 2023 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over their useful life in accordance with standard accounting and associated practices. The current economic climate brings with it uncertainties for councils in their ability to sustain the necessary spending on repair and maintenance. This obviously would have implications on asset life. Land and buildings are revalued at least every five years, and since 2015/16 a rolling programme of revaluation has been introduced. Judgements often need to be reached as part of the revaluation and impairment assessment process. This brings with it uncertainties, and assumptions have to be made and responded to accordingly.	Any difference between the depreciation applied and actual deterioration to assets will be naturally reflected in future spending patterns. Where necessary, any resultant long-term implications will be incorporated into our financial strategy. Information relating to Property, Plant and Equipment is included in Note 15.
Provisions	There are provisions included within these accounts, the basis of which have been individually assessed from the latest information available, as detailed in Note 22, and include provisions for Waste Sites. The accuracy of the provisions cannot be confirmed until such matters are concluded.	If the provisions are inadequate, the additional costs will be funded from revenue or reserves.
Pension Liability	Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries are involved in giving expert advice to the Council about the assumptions to be used. Brexit and Covid had negative effects on the UK economy and pension asset values, and currently there are high inflation and interest rates, but the market seems to be improving and stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation as a result of the recovery.	The effects on the net pension liability of changes in individual assumptions are set out in Notes 37 and 38.
Impairment Loss Allowance	There is a level of doubtful debt impairment built into the accounts that is based on a specific policy. A specific impairment level policy in respect of doubtful debts is contained within the accounts. The impairment level is reviewed regularly in order to respond to any changes in the economic climate and necessary action taken as appropriate within the accounts to respond accordingly. At 31 March 2023, the Council had a net short-term debtors balance of £90m (Note 18a), and this balance is net of the doubtful debts impairment of £8m.	If the impairment loss allowance is inadequate, the addditional funding will come from revenue or reserves.

NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:

- £285m on pensions, being the annual remeasurement of the net pension defined benefit liability relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 23.5).
- Following a revaluation of part of the Council's land and buildings portfolio (which is now carried out on a rolling programme basis), a net surplus arising from the fixed asset revaluation to the Revaluation Reserve is £29m (Note 23.1) and the revaluation and impairment cost to the Services is £2m (Note 15).

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2022/23	ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (iii)	Total Statutory Adjustments	Other (Non-statutory) Adjustments (iv)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Education	6,821	6,241	0	**13,062**	0	**13,062**
Corporate Support	0	1,583	0	**1,583**	0	**1,583**
Finance	1,341	1,685	0	**3,026**	0	**3,026**
Economy and Community	3,418	1,015	0	**4,433**	0	**4,433**
Adults, Health and Well-being	547	6,883	0	**7,430**	(213)	**7,217**
Children and Family Support	69	2,630	0	**2,699**	0	**2,699**
Highways and Municipal (including Trunk Roads*)	4,457	6,352	0	**10,809**	0	**10,809**
Environment	4,044	1,428	0	**5,472**	0	**5,472**
Housing and Property	3,750	1,292	0	**5,042**	0	**5,042**
Corporate Management Team and Legal	1	296	0	**297**	0	**297**
Gwynedd Consultancy	457	1,101	0	**1,558**	0	**1,558**
Corporate	1	843	1,042	**1,886**	(109)	**1,777**
Cost of Services	**24,906**	**31,349**	**1,042**	**57,297**	**(322)**	**56,975**
Other Operating Expenditure	(123)	0	0	**(123)**	0	**(123)**
Financing and Investment Income and Expenditure	(15,769)	6,954	(144)	**(8,959)**	322	**(8,637)**
Taxation and non-specific grant income	(16,075)	0	0	**(16,075)**	0	**(16,075)**
(Surplus)/Deficit on Provision of Services	**(7,061)**	**38,303**	**898**	**32,140**	**0**	**32,140**

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

2021/22	ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (i) £'000	Net change for the Pensions Adjustments (ii) £'000	Other Differences (iii) £'000	Total Statutory Adjustments £'000	Other (Non-statutory) Adjustments (iv) £'000	Total Adjustments £'000
Education	4,857	6,984	0	**11,841**	0	**11,841**
Corporate Support	12	1,766	0	**1,778**	0	**1,778**
Finance	1,131	1,897	0	**3,028**	0	**3,028**
Economy and Community	2,745	1,175	0	**3,920**	0	**3,920**
Adults, Health and Well-being	250	7,740	0	**7,990**	(233)	**7,757**
Children and Family Support	0	2,792	0	**2,792**	0	**2,792**
Highways and Municipal (including Trunk Roads*)	5,175	6,966	0	**12,141**	0	**12,141**
Environment	3,544	1,599	0	**5,143**	0	**5,143**
Housing and Property	3,388	1,218	0	**4,606**	0	**4,606**
Corporate Management Team and Legal	2	334	0	**336**	0	**336**
Gwynedd Consultancy	448	1,268	0	**1,716**	0	**1,716**
Corporate	1	2,293	665	**2,959**	(49)	**2,910**
Cost of Services	**21,553**	**36,032**	**665**	**58,250**	**(282)**	**57,968**
Other Operating Expenditure	503	0	0	**503**	0	**503**
Financing and Investment Income and Expenditure	(7,529)	7,632	(104)	**(1)**	282	**281**
Taxation and non-specific grant income	(32,983)	0	0	**(32,983)**	0	**(32,983)**
(Surplus)/Deficit on Provision of Services	**(18,456)**	**43,664**	**561**	**25,769**	**0**	**25,769**

* Trunk Roads - Adjustments relating to the North and Mid Wales Trunk Road Agency

(i) Adjustments for Capital Purposes

- For S**ervices**, this column adds in depreciation, impairment and revaluation gains and losses.
- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and Investment Income and Expenditure** – the statutory charges for capital financing, i.e. revenue provision for the financing of capital investment and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and Non-specific Grant Income** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

(ii) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* for pension-related expenditure and income:

- For **Services,** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and Investment Income and Expenditure,** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

(iii) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Services**, this represents an adjustment for accumulated absences earned but not taken during the year.
- For **Financing and Investment Income and Expenditure,** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

(iv) Other (Non-statutory) Adjustments

- **Services** - the impairment loss allowance on Trade Debtors is deducted and transferred to financing and investment income and expenditure.
- **Financing and Investment Income and Expenditure** – adjusted to include the transfer of the impairment loss allowance on Trade Debtors from services.

NOTE 9 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2022/23	Usable Reserves			
ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	**General Fund Balance**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pensions costs (transferred to (or from) the Pensions Reserve)	(38,303)	0	0	38,303
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(29)	0	0	29
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(948)	0	0	948
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(8,707)	0	0	8,707
Total Adjustments to Revenue Resources	**(47,987)**	**0**	**0**	**47,987**
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	79	(368)	0	289
Revenue provision for the financing of supported capital investment	5,352	0	0	(5,352)
Revenue provision for the financing of unsupported capital investment	2,165	0	0	(2,165)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	8,251	0	0	(8,251)
Total Adjustments between Revenue and Capital Resources	**15,847**	**(368)**	**0**	**(15,479)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	695	0	(695)
Application of capital grants to finance capital expenditure	0	0	1,326	(1,326)
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	**0**	**695**	**1,326**	**(2,021)**
TOTAL ADJUSTMENTS	**(32,140)**	**327**	**1,326**	**30,487**

NOTE 9 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2021/22 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	Usable Reserves General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pensions costs (transferred to (or from) the Pensions Reserve)	(43,664)	0	0	43,664
Financial instruments (transferred to the Financial Instruments Adjustments Account)	22	0	0	(22)
Holiday pay (transferred to (or from) the Accumulated Absences Reserve)	(560)	0	0	560
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	10,927	0	0	(10,927)
Total Adjustments to Revenue Resources	**(33,275)**	**0**	**0**	**33,275**
Adjustments between Revenue and Capital Resources				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(22)	(285)	0	307
Revenue provision for the financing of supported capital investment	5,387	0	0	(5,387)
Revenue provision for the financing of unsupported capital investment	2,141	0	0	(2,141)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	**7,506**	**(285)**	**0**	**(7,221)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	79	0	(79)
Application of capital grants to finance capital expenditure	0	0	(3,381)	3,381
Cash payments in relation to deferred capital receipts	0	0	0	0
Total Adjustments to Capital Resources	**0**	**79**	**(3,381)**	**3,302**
TOTAL ADJUSTMENTS	**(25,769)**	**(206)**	**(3,381)**	**29,356**

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES

School Balances

This sum is represented by the element of balances released under the delegation of budgets directly to schools which remained unspent at the end of the financial year, and is a net decrease of £4.8m as compared to the balance on 31 March 2022:

2022/23	Balance 31 March 2022 £'000	Transfers between reserves £'000	Transfers in £'000	Transfers out £'000	Balance 31 March 2023 £'000
School Balances	16,695	0	370	(5,148)	11,917
Total	**16,695**	**0**	**370**	**(5,148)**	**11,917**

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

Earmarked Reserves
The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23, with a net decrease of £2.5m since the position at 31 March 2022.

Note	2022/23	Balance 31 March 2022	Transfers between reserves	Transfers in	Transfers out	Balance 31 March 2023
		£'000	£'000	£'000	£'000	£'000
10.1	Renewals Reserves	8,396	(27)	2,952	(5,079)	6,242
10.2	Schools Digital Strategy Renewal Reserve	2,000	0	0	0	2,000
10.3	Capital Reserves	24,663	150	5,009	(1,256)	28,566
10.4	Insurance Reserves	1,945	0	641	(539)	2,047
10.5	Service Fund	5,033	149	855	(1,598)	4,439
10.6	Convergence Programme Fund	1,014	0	0	(346)	668
10.7	Redundancy Costs to Realise Savings Reserve	3,114	151	0	(89)	3,176
10.8	Central Training	1,423	0	0	(395)	1,028
10.9	Education Services Reserves	3,172	27	1,443	(518)	4,124
10.10	Economy and Community Reserves	597	(101)	286	(23)	759
10.11	Highways and Municipal Reserves	897	0	157	(648)	406
10.12	Gwynedd Consultancy	185	0	0	(92)	93
10.13	Environment Reserves	1,751	0	339	(1,611)	479
10.14	Housing and Property Reserves	3,612	(201)	158	(2,841)	728
10.15	Care Reserves	2,024	0	461	(1,182)	1,303
10.16	Business Transformation Funds	450	491	0	0	941
10.17	Invest to Save Fund – Carbon Reduction Plan	564	0	0	0	564
10.18	Transformation/Council Plan	15,071	(1,174)	1,118	(3,808)	11,207
10.19	Committed Revenue Grant Fund	1,256	0	594	(99)	1,751
10.20	Housing Water and Sewerage Service Fund	192	0	0	(113)	79
10.21	Housing Environmental Warranty	480	0	0	0	480
10.22	Information Technology Reserve	632	0	289	0	921
10.23	Supporting the Financial Strategy Reserve	5,865	0	3,188	(29)	9,024
10.24	Welfare Fund	100	0	0	0	100
10.25	Partnering Arrangements	337	0	26	(24)	339
10.26	North Wales Economic Ambition Board	189	0	112	0	301
10.27	Council Tax Property Transfers Reserve	490	0	0	(490)	0
10.28	Council Tax Premium Reserve	13,670	0	6,000	(4,612)	15,058
10.29	Covid-19 Recovery Arrangements Reserve	4,924	0	25	0	4,949
10.30	Digital Strategy Fund	0	904	0	(52)	852
10.31	Various Other Reserves	1,994	(369)	91	(769)	947
	Total	**106,040**	**0**	**23,744**	**(26,213)**	**103,571**

The earmarked reserves closing balance as at 31 March 2023 does not reflect the level of commitments against them. Details are given below of the Council's main specific reserves.

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

10.1 The Renewals Reserves are used by the various departments of the Council to replace vehicles and equipment.

10.2 School's Digital Strategy Renewal Reserve in order to finance the renewal of the school's IT equipment.

10.3 The Capital Reserves represents resources already committed to assist in financing the Council's Capital Programme and other requirements.

10.4 Cyngor Gwynedd does not insure all risks with external insurers but instead it has established an internal reserve to meet those uninsured risks. The balance on the Insurance Reserve also includes an element relating to the relevant insurance requirements of the former Gwynedd County Council (pre-1996) and which is administered by Cyngor Gwynedd.

10.5 The Services Fund represents the element of slippages and underspend that service departments have the right to carry forward for use in the subsequent financial year, other relevant specific budgets and one-off budgets that extend over more than one year.

10.6 Convergence Programme Fund – fund was created for additional capital or revenue costs which arise from the requirements to develop plans under the convergence programme.

10.7 Redundancy Costs to Realise Savings Reserve – provision for financing redundancy costs to realise budgetary savings.

10.8 Central Training – relates to the Council's staff training programme, including a contribution towards the cost of funding the Apprenticeship scheme and the 'Cynllun Yfory' Management Scheme.

10.9 Education Service Reserves – includes sums set aside to respond to related financial problems with 'Integration' requirements, changeable demands in 'Out of County – Special Educational Needs', 'Supporting Schools' and the 'Schools Loans Scheme'.

10.10 The Economy and Community Reserves include a number of balances relating to schemes operating on a partnership basis mainly, where the scheme balances must be accounted for separately.

10.11 The Highways and Municipal Reserves include mostly sums set aside to protect situations of uneven income and expenditure (equalisation accounts) together with likely requirements from contracts.

10.12 Gwynedd Consultancy Reserves – includes amounts set aside to protect against situations of uneven expenditure on some work fields and possible additional employment requirements resulting from changes in the Consultancy Service's work programme.

10.13 Environment Reserves – include a number of balances relating to Transport, schemes operating mainly on a partnership basis, and where the scheme balances must be accounted for separately, together with specific requirements relating to the Unitary Development Plan, and amounts for uneven expenditure situation.

10.14 Housing and Property Reserves – includes amounts set aside to protect against possible situations of uneven expenditure together with various other reserves for the Council's housing and property needs.

10.15 Care Reserves – includes amounts set aside to protect against possible situations of uneven expenditure due to contract requirements.

10.16 Business Transformation Fund – to aid the business transformation process, realise savings and assist the Council to achieve "Ffordd Gwynedd" aims and objectives.

10.17 Invest to Save Fund – Carbon Reduction Plan – partly funding the Carbon Reduction Plan programme of works to reduce carbon emissions whilst generating monetary revenue savings for the Council.

NOTE 10 – TRANSFERS TO/FROM EARMARKED RESERVES (continued)

10.18 Transformation / Council Plan – for the Council's priorities and to transform internal procedures to be more effective and efficient, and to invest in various schemes to realise permanent financial savings.

10.19 Committed Revenue Grants Fund – includes revenue grants received and committed for future use.

10.20 Housing Water and Sewerage Services Fund – amounts reserved for requirements relating to sewerage procedures, water piping and sewage treatment work on old council housing estates, which were not adopted by Welsh Water.

10.21 Housing Environmental Warranty – reserved for possible implications as a result of giving environmental warranties to Adra, in connection with specific and special circumstances that relate to environmental plans on the land of former council housing estates.

10.22 Information Technology Reserve – for responding to the demands in the information technology field, including a renewals fund and to respond to uneven patterns of expenditure.

10.23 Supporting the Financial Strategy Reserve – a fund established to assist and support the Council's financial strategy.

10.24 Welfare Fund - provision to respond to uneven patterns in the related requirements.

10.25 Partnering Arrangements – includes amounts allocated in relation to various requirements of partnerships and joint working.

10.26 North Wales Economic Ambition Board – for the requirements and commitments of the economic promotion plan relevant to the North Wales Economic Ambition Board (Cyngor Gwynedd's share only).

10.27 Council Tax Property Transfer Reserve – provision relating to the implications of properties transferring from Council Tax to National Domestic Rates.

10.28 Council Tax Premium Reserve – provision from the Council Tax Premium for achieving the Council's priorities which includes the Housing Strategy.

10.29 Covid-19 Recovery Arrangements Reserve – provision for the recovery of services following the pandemic.

10.30 Digital Strategy Fund – Provision to ensure that the Council's digital needs enable departments to provide an effective and efficient service to the residents of Gwynedd.

10.31 Various Other Reserves – includes amounts set aside to meet a variety of other commitments.

NOTE 11 – OTHER OPERATING EXPENDITURE

2021/22		2022/23
£'000		£'000
	Precepts	
15,854	North Wales Police & Crime Commissioner	17,017
2,547	Community Councils	2,654
18,401		19,671
	Levies	
6,597	North Wales Fire Authority	7,018
1,058	Snowdonia National Park Authority	1,059
119	Local Drainage Boards	121
0	North Wales Corporate Joint Committee	62
7,774		8,260
503	(Gains)/losses on the disposal and de-recognition of non-current assets	(123)
26,678	**Total**	**27,808**

NOTE 12 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22		2022/23
£'000		£'000
5,765	Interest payable and similar charges	5,642
7,632	Net interest on the net pension defined benefit liability (asset)	6,954
(556)	Interest receivable and similar income	(1,841)
282	Adjustments to provisions and the fair value of financial instruments	332
13,123	**Total**	**11,087**

NOTE 13 – TAXATION AND NON-SPECIFIC GRANT INCOME

2021/22		*Note*	2022/23
£'000			£'000
(100,516)	Council Tax Income	*13a*	(104,710)
(41,974)	Non-Domestic Rates	*13b*	(45,519)
(155,298)	Non-ring-fenced Government Grants	*32*	(167,695)
(916)	Revenue Grants and Contributions	*32*	0
(32,983)	Capital Grants and Contributions	*32*	(16,076)
(331,687)	**Total**		**(334,000)**

NOTE 13a - COUNCIL TAX

The Council determines its expenditure requirement for the year and converts it to a Band D Council Tax by dividing this sum by a calculation of the number of properties in each Council Tax band converted into the equivalent number of properties in Band D (The Council Tax Base). The North Wales Police and Crime Commissioner's requirement is then added to this amount to establish the County's Council Tax.

The Council Tax Base for 2022/23 was calculated as follows:

CALCULATION OF THE COUNCIL TAX BASE FOR 2022/23

Valuation Bands	Number of Properties following discounts and premiums	Statutory Multiplier	Equivalent Band D properties
A*	9	5/9	4.72
A	7,799	6/9	5,199.42
B	13,875	7/9	10,777.70
C	11,414	8/9	10,145.56
D	9,961	1	9,960.86
E	7,902	11/9	9,657.81
F	3,992	13/9	5,765.50
G	1,275	15/9	2,124.58
H	225	18/9	450.50
I	73	21/9	170.33
		Total	54,256.78
		Council Tax base after allowing for losses on collection	53,715.10

An analysis of the net income accruing to the Council is given below:

2021/22 £'000		2022/23 £'000
(101,672)	Council Tax raised	(105,392)
1,156	**Less** Increase in the impairment allowance for non-collection	682
(100,516)		**(104,710)**

NOTE 13b - NATIONAL NON-DOMESTIC RATES

National Non-Domestic Rates ("Business Rates") are managed by the Government but local authorities are responsible for their collection and for paying them to a central pool run by the Welsh Government. They subsequently allocate amounts from the pool to local authorities, on a population basis.

The Government sets the National Non-Domestic rate for the year (53.5p in 2022/23) which is then multiplied by the rateable value of the property. Subject to the effects of transitional arrangements and some other reductions, this is the amount payable by the ratepayer.

At the end of the 2022/23 financial year there were 9,698 properties on the local valuation list in Gwynedd, representing a rateable value of £114,889,252.

An analysis of the net income accruing to the Council from National Non-Domestic Rates is as follows:

2021/22 **£'000**		**2022/23** **£'000**
(41,433)	National Non-domestic Rate raised	(42,248)
455	Cost of Collection allowance	445
956	Provision for Bad Debts	4
40,022	Sum paid to the National Pool	41,799
0		0
(41,974)	Receipts from the National Pool	(45,519)
(41,974)	**Net Income from Non-Domestic Rates**	**(45,519)**

NOTE 14 – BUILDING CONTROL INCOME AND EXPENDITURE ACCOUNT

This account shows the expenditure and income which relate to the building regulations checking and supervision function, including consideration of any enforcement action but not the service of notices under the provisions of the Building Act 1984.

The account is expected to break-even over a three-year rolling period, and this requirement is reviewed annually. There was a loss in 2022/23, therefore an accumulated loss over a period of three years is reported.

2022/23	**£'000**
Total charges income received (excluding VAT)	(380)
Total charges expenditure incurred	515
(Surplus)/Deficit for 2022/23	135
(Surplus)/Deficit for 2021/22	68
(Surplus)/Deficit for 2020/21	10
(Surplus)/Deficit for the last three years	**213**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

Movements on Property, Plant and Equipment Balances

Movements in 2022/23:

	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Value						
Balance at 1.04.22	353,238	40,654	687	2,261	19	396,859
Additions	11,840	6,107	0	26	0	17,973
Sales	(166)	(1,785)	0	0	0	(1,951)
Transfers	0	0	0	(47)	0	(47)
Revaluation - to Revaluation Reserve	20,946	0	0	(44)	0	20,902
Revaluation - to Services	(1,608)	0	0	1	0	(1,607)
Balance at 31.03.23	**384,250**	**44,976**	**687**	**2,197**	**19**	**432,129**
Depreciation						
Balance at 1.04.22	1,897	18,147	8	(1)	0	20,051
Depreciation in year	6,805	5,056	2	12	0	11,875
Sales	0	(1,785)	0	0	0	(1,785)
Transfers	0	0	0	0	0	0
Revaluation	(7,114)	0	0	(12)	0	(7,126)
Balance at 31.03.23	**1,588**	**21,418**	**10**	**(1)**	**0**	**23,015**
Impairment						
Balance at 1.04.22	11,196	20	97	5	0	11,318
Impairment in year - to Revaluation Reserve	383	0	0	0	0	383
Impairment in year - to Services	2,196	0	0	0	0	2,196
Sales	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Revaluation	(1,049)	0	0	0	0	(1,049)
Balance at 31.03.23	**12,726**	**20**	**97**	**5**	**0**	**12,848**
Net Book Value 31 March 2023	**369,936**	**23,538**	**580**	**2,193**	**19**	**396,266**
Net Book Value 31 March 2022	**340,145**	**22,487**	**582**	**2,257**	**19**	**365,490**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Comparative Movements in 2021/22:

	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Value						
Balance at 1.04.21	333,364	53,198	687	2,218	19	389,486
Additions	10,651	7,676	0	28	0	18,355
Sales	(3,220)	(20,220)	0	0	0	(23,440)
Transfers	0	0	0	74	0	74
Revaluation - to Revaluation Reserve	11,484	0	0	111	0	11,595
Revaluation - to Services	959	0	0	(170)	0	789
Balance at 31.03.22	**353,238**	**40,654**	**687**	**2,261**	**19**	**396,859**
Depreciation						
Balance at 1.04.21	3,932	33,496	6	14	0	37,448
Depreciation in year	6,679	4,707	2	15	0	11,403
Sales	(92)	(20,056)	0	0	0	(20,148)
Transfers	0	0	0	0	0	0
Revaluation	(8,622)	0	0	(30)	0	(8,652)
Balance at 31.03.22	**1,897**	**18,147**	**8**	**(1)**	**0**	**20,051**
Impairment						
Balance at 1.04.21	18,315	68	97	21	0	18,501
Impairment in year - to Revaluation Reserve	343	0	0	0	0	343
Impairment in year - to Services	2,936	0	0	0	0	2,936
Sales	(2,435)	(48)	0	0	0	(2,483)
Transfers	0	0	0	1	0	1
Revaluation	(7,963)	0	0	(17)	0	(7,980)
Balance at 31.03.22	**11,196**	**20**	**97**	**5**	**0**	**11,318**
Net Book Value 31 March 2022	**340,145**	**22,487**	**582**	**2,257**	**19**	**365,490**
Net Book Value 31 March 2021	**311,117**	**19,634**	**584**	**2,183**	**19**	**333,537**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

The Council's operational Land and Buildings were revalued by the Council's Senior Estates Surveyor (M.R.I.C.S) in accordance with the policies noted in section 1.17 of Note 1 of the Accounting Policies and non-operational assets (Surplus) in accordance with 1.15. Note that the Council has established a rolling programme for revaluing different categories of these assets annually.

Refer to note 1.17 also for the basis of depreciation on various categories of assets.

11 schools under church governance are used by the Education Department, with 10 of the buildings not included in the table above because they are not owned by the Council. The Council is responsible for their repair and maintenance, but the amounts are not significant. Ysgol Cae Top in Bangor is currently regarded as a Council-owned asset in our accounts, and not a church school. The legal status of this asset is subject to a legal review which may affect its treatment in future accounts.

The sources of finance for the assets acquired during the year are shown with the information on capital expenditure in the narrative report.

Infrastructure

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

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

Infrastructure assets are shown on the balance sheet at depreciated historical cost. Additions were made in year and in accordance with the Local Authorities (Capital Finance and Accounting)(Wales)(Amendment) Regulations 2022 the value of any replaced component of infrastructure assests has been treated as nil thus the value of the derecognition is nil.

	2021/22	2022/23
	£'000	£'000
Net Book Value at 1 April	**162,437**	**168,610**
Additions	12,144	14,411
Derecognition	0	0
Depreciation	(5,971)	(6,275)
Net Book Value at 31 March	**168,610**	**176,746**

Net Book Value - Property, Plant and Equipment Assets

	2021/22	2022/23
Property, Plant and Equipment Assets	**£'000**	**£'000**
Infrastructure	168,610	176,746
Other PPE Assets	365,490	396,266
Total Net at 31 March	**534,100**	**573,012**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT (continued)

Capital Commitments

Significant commitments under capital contracts at 31 March 2023 were as follows:

	Sum	Payments to date	Balance
	£'000	£'000	£'000
All Weather Pitch – Plas Silyn	579	269	310
Homelessness Hostel – Glanwnion	716	499	217
Homelessness Hostel – Nat West Bank, Caernarfon	391	111	280
Ysgol Treferthyr, Criccieth	6,724	93	6,631

NOTE 16 – INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2021/22	2022/23
	£'000	£'000
Rental income from investment property	7	7
Net gain/(loss)	**7**	**7**

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 no contractual obligations to purchase, construct or develop investment property nor for its repair, maintenance or enhancement.

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

	2021/22	2022/23
	£'000	£'000
Balance 1 April	**165**	**165**
Disposals	0	0
Net gains/(losses) from fair value adjustments	0	0
Transfers:		
(to)/from Property, Plant and Equipment	0	0
Balance 31 March	**165**	**165**

NOTE 17a – FINANCIAL INSTRUMENTS

(i) Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- Service Concession Arrangements (Private Finance Initiative (PFI)) contracts detailed in Note 41
- overdraft with Barclays Bank plc
- finance leases detailed in Note 35
- trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash
- bank and deposit accounts
- fixed term deposits with UK Government, banks and building societies
- loans to other local authorities
- loans to small companies
- trade receivables for goods and services delivered

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled bond, equity and property funds held as strategic investments

Fair value through profit and loss (all other financial assets) comprising:

- money market funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(ii) Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long-Term		Short-Term	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
Loans at amortised cost:				
Principal sum borrowed	101,807	99,595	1,573	2,451
Accrued interest	0	0	482	456
Total Borrowing	**101,807**	**99,595**	**2,055**	**2,907**
Loans at amortised cost:				
Bank overdraft	0	0	21,700	16,886
Total Cash Overdrawn	**0**	**0**	**21,700**	**16,886**
Liabilities at amortised cost:				
Finance leases	1,189	997	0	0
Total Other Long-Term Liabilities	**1,189**	**997**	**0**	**0**
Liabilities at amortised cost:				
Trade payables	0	0	28,006	27,876
Finance leases	0	0	181	192
Included in Creditors *	**0**	**0**	**28,187**	**28,068**
Total Financial Liabilities	**102,996**	**100,592**	**51,942**	**47,861**

* The short-term creditors line on the Balance Sheet includes £106,969,000 (2022: £66,871,000) creditors (Note 21) that do not meet the definition of a financial liability.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long-Term		Short-Term	
Financial Assets	**31 March 2022**	**31 March 2023**	**31 March 2022**	**31 March 2023**
	£'000	**£'000**	**£'000**	**£'000**
At amortised cost:				
Principal	17	17	70,000	81,000
Accrued interest	0	0	17	208
Loss allowance	0	0	(3)	(12)
At fair value through other comprehensive income:				
Equity investments elected FVOCI	0	0	9,845	8,655
Total Investments	**17**	**17**	**79,859**	**89,851**
At amortised cost:				
Principal	0	0	1,066	2,035
Accrued interest	0	0	2	11
Loss allowance	0	0	0	(1)
At fair value through profit and loss:				
Fair value	0	0	17,000	60,835
Total Cash and Cash Equivalents	**0**	**0**	**18,068**	**62,880**
At amortised cost:				
Trade receivables	3,989	4,335	22,413	19,648
Included in Debtors*	**3,989**	**4,335**	**22,413**	**19,648**
Total Financial Assets	**4,006**	**4,352**	**120,340**	**172,379**

* The short-term debtors line on the Balance Sheet includes £66,229,000 (2022: £84,632,000) debtors (Note 18) that do not meet the definition of a financial asset.

Material Soft Loans

Local Authorities are allowed to make loans for policy reasons rather than as financial instruments and these loans may be interest-free or at rates below prevailing market rates. Where loans are advanced at below market rates, they are classed as "Soft Loans".

The fair values of such a soft loan are less than the amount of the cash lent. The fair value of a loan at nil interest rate or below the prevailing market rate is estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument. The sum by which the amount lent exceeds the fair value of the loan is charged to the Income and Expenditure Statement. The 2022/23 Code of Practice sets out specific accounting and disclosure requirements for soft loans. During 2022/23 Cyngor Gwynedd identified the following "soft loans":

- Deferred Payments on charges due from people under care (amount outstanding at 31.03.23 £2,002,934, 31.03.22 £1,977,070)
- Car and Bike Loans to employees (amount outstanding at 31.03.23 £817,204, 31.03.22 £866,090)

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performances.

	Fair Value		Dividends	
	31 March 2022	31 March 2023		
	£'000	£'000	£'000	£'000
CCLA LAMIT Property Fund	5,180	4,326	167	188
Ninety One Diversified Income Fund	1,182	1,119	49	47
Schroder Income Maximiser Fund	2,226	2,109	143	159
Aegon Diversified Monthly Income Fund	1,257	1,101	64	64
TOTAL	**9,845**	**8,655**	**423**	**458**

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The table below shows those instruments that have been offset on the Balance Sheet. The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

	31 March 2022			31 March 2023		
	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet	Gross assets (liabilities)	(Liabilities) assets set off	Net position on Balance Sheet
	£'000	£'000	£'000	£'000	£'000	£'000
Bank accounts in credit	72,491	(72,491)	0	131,644	(131,644)	0
Total Financial Assets	**72,491**	**(72,491)**	**0**	**131,644**	**(131,644)**	**0**
Bank overdraft	(94,191)	72,491	(21,700)	(148,530)	131,644	(16,886)
Total Financial Liabilities	**(94,191)**	**72,491**	**(21,700)**	**(148,530)**	**131,644**	**(16,886)**

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iii) Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities	Financial Assets				
	Amortised Cost	Amortised Cost	Elected to Fair Value through OCI	Fair Value through Profit & Loss	2022/23 Total	2021/22 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	5,642	0	0	0	5,642	5,765
Interest payable and similar charges	**5,642**	**0**	**0**	**0**	**5,642**	**5,765**
Interest income	0	(832)	0	0	(832)	(122)
Dividend income	0	0	(458)	(551)	(1,009)	(434)
Interest and investment income	**0**	**(832)**	**(458)**	**(551)**	**(1,841)**	**(556)**
Loss allowance	0	332	0	0	332	282
Adjustments to provisions and the fair value of financial instruments	**0**	**332**	**0**	**0**	**332**	**282**
Net impact on surplus/ deficit on provision of services	**5,642**	**(500)**	**(458)**	**(551)**	**4,133**	**5,491**
Gains on revaluation	0	0	0	0	0	(992)
Losses on revaluation	0	0	1,190	0	1,190	62
Impact on other comprehensive income	**0**	**0**	**1,190**	**0**	**1,190**	**(930)**
Net (gain)/loss for the year	**5,642**	**(500)**	**732**	**(551)**	**5,323**	**4,561**

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

(iv) Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arm's-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2022 £'000	Fair Value 31 March 2022 £'000	Balance Sheet 31 March 2023 £'000	Fair Value 31 March 2023 £'000
Financial liabilities held at amortised cost:					
Loans from PWLB	2	(85,975)	(137,276)	(84,639)	(92,940)
Other loans	2	(17,887)	(25,255)	(17,863)	(16,117)
Lease payables	2	(1,370)	(1,559)	(1,189)	(1,230)
TOTAL		**(105,232)**	**(164,090)**	**(103,691)**	**(110,287)**
Liabilities for which fair value is not disclosed *		(49,706)		(44,762)	
TOTAL FINANCIAL LIABILITIES		**(154,938)**		**(148,453)**	
Recorded on Balance Sheet as:					
Short-term creditors		(28,006)		(27,876)	
Short-term borrowing		(2,055)		(2,907)	
Short-term cash overdrawn		(21,700)		(16,886)	
Short-term finance lease liability		(181)		(192)	
Long-term borrowing		(101,807)		(99,595)	
Long-term finance lease liability		(1,189)		(997)	
TOTAL FINANCIAL LIABILITIES		**(154,938)**		**(148,453)**	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of loans from PWLB is higher than its Balance Sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date. The fair value of other loans is lower than its Balance Sheet carrying amount as the interest payable is lower than the current rates available for similar loans as at the Balance Sheet date.

NOTE 17a – FINANCIAL INSTRUMENTS (continued)

	Fair Value Level	Balance Sheet 31 March 2022 £'000	Fair Value 31 March 2022 £'000	Balance Sheet 31 March 2023 £'000	Fair Value 31 March 2023 £'000
Financial assets held at fair value:					
Money market funds	1	17,000	17,000	60,835	60,835
Bond, equity and diversified funds	1	4,665	4,665	4,329	4,329
Property funds	2	5,180	5,180	4,326	4,326
Financial assets held at amortised cost:					
Treasury Stock	1	17	17	17	17
TOTAL		**26,862**	**26,862**	**69,507**	**69,507**
Assets for which fair values are not disclosed *		97,484		107,224	
TOTAL FINANCIAL ASSETS		**124,346**		**176,731**	
Recorded on Balance Sheet as:					
Long-term debtors		3,989		4,335	
Long-term investments		17		17	
Short-term debtors		22,413		19,648	
Short-term investments		79,859		89,851	
Cash and cash equivalents		18,068		62,880	
TOTAL FINANCIAL ASSETS		**124,346**		**176,731**	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

Property funds are now considered to be level 2 as the published price is a quoted price in an inactive market where there are a few or no trades in and out of the fund.

NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices, is based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- *Credit Risk:* The possibility that one party to a financial instrument will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK Government, and other local authorities without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial organisations for investment.

During 2022/23 a limit of £5m of the total portfolio was placed on the amount that can be invested with a single counterparty (other than UK government). For local authorities, secured investments, money market funds, strategic pooled funds and real estate investment trusts, a limit of £10m per counterparty was applied. No more than £20m in total can be invested for a period longer than one year.

The Council does not hold collateral security against any investments.

NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

	Short-Term	
Credit Rating	**31 March 2022**	**31 March 2023**
	£'000	**£'000**
AAA (Money Market Funds)	17,000	60,835
AA+	0	0
AA	0	0
AA-	5,000	0
A+	0	10,000
A	18,020	19,005
A-	0	0
UK Government	18,000	34,000
Unrated local authorities	30,011	20,000
Total (Principal)	**88,031**	**143,840**
Pooled funds*	9,845	8,655
Total Investments	**97,876**	**152,495**

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

The 31 March 2022 figures have been restated to include the cash and cash equivalents in the investment portfolio.

Loss allowances on treasury investments and cash and cash equivalents have been calculated by reference to historic default data published by credit rating agencies, multiplied by 112% (2022: 67%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31 March 2023, £13,845 (2022: £3,670) of loss allowances related to treasury investments.

Credit Risk: Trade Receivables

The age profile of the trade balance in our debtor system at 31 March can be analysed as follows:-

31 March 2022		**31 March 2023**
£'000		£'000
8,294	Less than a year	9,123
2,679	Over a year	2,424
10,973		**11,547**

Historical experience of default and current and forecast economic conditions are considered in calculating our impairment loss allowance.

NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit Risk: Loans, Financial Guarantees and Loan Commitments

The Council manages the credit risk inherent in its loans for service purposes, financial guarantees and loan commitments in line with its published Investment Strategy.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is, however, exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourable interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the Council's borrowing matures in any one financial year.

The Council holds £62.8m (2022: £18.0m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of the financial liabilities is as follows, as shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payment figures):

Time to maturity (years)	Discounted (principal plus accrued interest) 31 March 2022 £'000	Undiscounted (principal plus future interest) 31 March 2022 £'000	Discounted (principal plus accrued interest) 31 March 2023 £'000	Undiscounted (principal plus future interest) 31 March 2023 £'000
Less than 1 year	1,587	7,166	2,949	7,947
Over 1 but not over 2	1,143	6,611	1,167	6,455
Over 2 but not over 5	15,379	30,454	14,128	28,473
Over 5 but not over 10	2,706	25,079	6,125	28,155
Over 10 but not over 20	39,013	71,399	34,595	65,376
Over 20 but not over 40	27,352	70,143	27,352	68,216
Over 40	16,200	27,480	16,200	26,797
Total	**103,380**	**238,332**	**102,516**	**231,419**

Market Risk: Interest Rate Risk

The Council is exposed to 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 instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

NOTE 17b – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of the 12 month-revenue impact of a 1% fall and rise in interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	31 March 2022 £'000	31 March 2023 £'000
Increase in interest receivable on variable rate investments	(390)	(631)
Decrease in fair value of investments held at FVPL	20	57
Impact on Surplus or Deficit on the Provision of Services	**(370)**	**(574)**
Decrease in fair value of investments held at FVOCI	39	39
Impact on Other Comprehensive Income and Expenditure	**39**	**39**
Decrease in fair value of loans and investments at amortised cost *	78	126
Decrease in fair value of fixed rate borrowing *	(34,828)	(11,307)

*No impact on the Surplus or Deficit on the Provision of Services, or Other Comprehensive Income and Expenditure.

Market Risk: Price Risk

The market prices of the Council's fixed rate bond investments and its units in collective investment schemes are governed by prevailing interest rates, and the market risk associated with these instruments is managed alongside interest rate risk as described above.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in commercial property prices at 31 March 2023 would result in a £0.21m (2022: £0.25m) charge to Other Comprehensive Income and Expenditure.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to pooled investments of £20m. A 5% fall in share prices at 31 March 2023 would result in a £0.13m (2022: £0.15m) charge to Other Comprehensive Income and Expenditure.

Market Risk: Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

NOTE 18a – SHORT-TERM DEBTORS

31 March 2022		31 March 2023
£'000		**£'000**
21,943	Trade receivables	17,925
2,582	Prepayments	2,993
82,520	Other receivable amounts	64,960
107,045	**Total**	**85,878**

The above debtors' figures are net of impairment losses.

NOTE 18b - COUNCIL TAX DEBTORS

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

31 March 2022		31 March 2023
£'000		**£'000**
2,645	Less than one year	4,320
884	More than one year	2,151
3,529	**Total**	**6,471**

The analysis above only shows those balances where assessment has indicated that, by exception, no impairment is required.

NOTE 19 – CASH AND CASH EQUIVALENTS

	31 March 2022	31 March 2023
	£'000	**£'000**
Cash in Hand	15	12
Bank Current Accounts	31	18
Call Accounts	18,022	62,850
Cash and Cash Equivalents	**18,068**	**62,880**
Bank Overdraft	(21,700)	(16,886)
Total	**(3,632)**	**45,994**

In order to maximise the returns from short-term investments and cash deposits, the Council invests any surplus funds in its bank accounts along with any surplus funds from the North Wales Economic Ambition Board (NWEAB), GwE Joint Committee and the Gwynedd Pension Fund. As the short-term investments and cash deposits are made in the name of Cyngor Gwynedd, they are shown in full on the Balance Sheet with a corresponding creditor at 31 March 2023 of £57m to the NWEAB (£16.8m at 31 March 2022), £2.6m to the GwE Joint Committee (£1.6m at 31 March 2022) and £18.3m to the Gwynedd Pension Fund (£14.2m at 31 March 2022).

NOTE 20 – ASSETS HELD FOR SALE

	2021/22 £'000	2022/23 £'000
Balance 1 April	**73**	**0**
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	47
Expenditure in year	0	0
Revaluation Losses	0	0
Impairment Losses	1	0
Assets declassified as held for sale:		
Property, Plant and Equipment	(74)	0
Assets sold	0	0
Balance 31 March	**0**	**47**

NOTE 21 – SHORT-TERM CREDITORS

	31 March 2022 £'000	31 March 2023 £'000
Trade payables	28,187	27,876
Other payables	66,871	106,969
Total	**95,058**	**134,845**

NOTE 22 – PROVISIONS

The Council sets aside provisions for specific obligations, the amount or timing of which cannot be determined accurately. It is not permitted, under accounting conventions, to make provisions for uneven patterns of expenditure. However, earmarked reserves may be established and these are disclosed in Note 10.

The details below are analysed into short-term provisions (within 12 months) and long-term provisions (over 12 months). However, the provision level on all related items is reviewed periodically.

	Balance at 31 March 2022 £'000	(Addition) / Reduction / Transfer £'000	Used during the year £'000	Balance at 31 March 2023 £'000
Short-term Provisions				
Waste Sites Provision	(316)	(408)	362	(362)
	(316)	**(408)**	**362**	**(362)**
Long-term Provisions				
Waste Sites Provision	(7,444)	(484)	0	(7,928)
Insurance Claims Provision	(662)	(210)	0	(872)
Salary Provision	(282)	(29)	0	(311)
	(8,388)	**(723)**	**0**	**(9,111)**
Total	**(8,704)**	**(1,131)**	**362**	**(9,473)**

Waste Sites Provision – relates to the capping and aftercare requirements of all of the Council's waste disposal sites.

Insurance Claims Provision – to meet potential insurance claims settlements.

Salary Provision – in accordance with the relevant requirements.

NOTE 23 – UNUSABLE RESERVES

31 March 2022		31 March 2023
£'000		£'000
141,054	Revaluation Reserve	167,073
223,932	Capital Adjustment Account	235,399
(155)	Financial Instruments Revaluation Reserve	(1,345)
(529)	Financial Instruments Adjustment Account	(558)
(242,165)	Pensions Reserve	4,482
(4,805)	Accumulated Absences Account	(5,752)
117,332	**Total Unusable Reserves**	**399,299**

23.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

2021/22		2022/23
£'000		£'000
115,595	**Balance 1 April**	**141,054**
31,524	Upward revaluation of assets	33,015
(3,638)	Downward revaluation of assets and impairment losses	(4,321)
27,886	**Surplus/(deficit) on revaluation of assets**	**28,694**
(2,181)	Difference between fair value depreciation and historical cost depreciation	(2,509)
(246)	Accumulated gains on assets sold	(166)
(2,427)	**Amount written off to the Capital Adjustment Account**	**(2,675)**
141,054	**Balance 31 March**	**167,073**

23.2 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 the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). 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 and gains recognised on donated assets that have yet to be consumed by the Council.

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 23 – UNUSABLE RESERVES (continued)

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22		2022/23
£'000		£'000
206,658	**Balance 1 April**	223,932
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(19,521)	Charges for depreciation and impairment of non-current assets	(21,953)
(7,055)	Revenue Expenditure funded from Capital under Statute	(6,001)
(563)	Adjustment to non-current balance on the sale of assets	0
2,181	Transfer from Capital Revaluation Reserve	2,509
	Capital financing applied in the year:	
78	Capital Receipts	695
34,626	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	20,449
5,387	Revenue provision for the financing of supported capital investment	5,352
0	Capital expenditure charged in year against the General Fund	8,251
2,141	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	2,165
223,932	**Balance 31 March**	**235,399**

23.3 Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

2021/22		2022/23
£'000		£'000
(1,085)	**Balance 1 April**	(155)
930	Fair Value Adjustment	(1,190)
0	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	0
(155)	**Balance 31 March**	**(1,345)**

23.4 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account at the end of the financial year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require them to be deferred over future years.

There is a requirement for all premiums and discounts arising from loan extinguishments to be charged to Income and Expenditure in full. Where transactions meet the definition of a modification any premiums or discounts are added to the carrying value of the loan and are then amortised to the Comprehensive Income and Expenditure Statement over the life of the new loan. A modification exists where the terms of the new debt are not "substantially different" from those of the old debt.

NOTE 23 – UNUSABLE RESERVES (continued)

Premiums amortised under statutory provisions can be charged to the General Fund over either the remaining life of the original loan or the life of the replacement loan, whichever is the greater period. Discounts must be credited to the General Fund over 10 years or the life of the original loan, whichever is the shorter period.

The transactions reflected in the Financial Instruments Adjustment Account are as follows:

2021/22 £'000		2022/23 £'000
(551)	**Balance 1 April**	**(529)**
61	Proportion of premiums incurred in previous years charged to General Fund in accordance with statute	60
(39)	Deferred credit for receipt of charges due from people under care	(89)
(529)	**Balance 31 March**	**(558)**

23.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits need to be paid.

2021/22				2022/23		
Gwynedd £000	**NWEAB* £000**	**Total £000**		**Gwynedd £000**	**NWEAB* £000**	**Total £000**
(363,852)	**(111)**	**(363,963)**	**Balance 1 April**	**(242,047)**	**(118)**	**(242,165)**
165,438	25	**165,463**	Re-measurements of the net pension defined benefit (liabilities) / assets	284,906	44	**284,950**
(68,507)	(52)	**(68,559)**	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(64,682)	50	**(64,632)**
24,874	20	**24,894**	Employer's pensions contributions and direct payments to pensioners payable in the year	26,305	24	**26,329**
(242,047)	**(118)**	**(242,165)**	**Balance 31 March**	**4,482**	**0**	**4,482**

*Cyngor Gwynedd's 12.5% share of the NWEAB's pension reserve is included in the accounts.

NOTE 23 – UNUSABLE RESERVES (continued)

23.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General 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 General Fund Balance is neutralised by transfers to or from the Account.

2021/22		2022/23
£'000		£'000
(4,244)	**Balance 1 April**	**(4,805)**
(561)	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	(947)
(4,805)	**Balance 31 March**	**(5,752)***

** £4k applies to Gwynedd's share of the NWEAB.*

NOTE 24a – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2021/22		2022/23
£'000		£'000
(17,376)	Depreciation	(18,150)
(2,147)	Impairment and downward valuations	(3,803)
(7,678)	(Increase)/Decrease in Creditors	(50,793)
22,822	Increase/(Decrease) in Debtors	(20,951)
344	Increase/(Decrease) in Stock	(607)
(43,664)	Pension Liability	(38,303)
(809)	Carrying amount of non-current assets sold or de-recognised	(166)
(1,211)	Other non-cash items charged to net surplus/deficit on the provision of services *	(747)
(49,719)		**(133,520)**

* Revenue Expenditure Funded from Capital Under Statute (REFCUS) has been removed in 2022/23 and 2021/22 figures have been restated to ensure comparison.

NOTE 24b – CASH FLOW STATEMENT – ADJUST FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

2021/22		2022/23
£'000		£'000
0	Purchase of short-term and long-term investments	(12)
307	Proceeds from sale of property, plant, equipment, investment property and intangible assets	290
307		**278**

NOTE 24c – CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2021/22		2022/23
£'000		£'000
(556)	Dividends and Interest received	(2,393)
5,794	Interest paid	5,667

NOTE 25 – CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22		2022/23
£'000		£'000
31,055	Purchase of property, plant and equipment, investment property and intangible assets	31,730
675,525	Purchase of short-term and long-term investments	521,046
(381)	Other payments/receipts for investing activities *	324
(285)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(368)
(631,525)	Proceeds from short-term and long-term investments	(510,044)
74,389	**Net cash flows from investing activities**	**42,688**

* Revenue Expenditure Funded from Capital Under Statute (REFCUS) has been removed in 2022/23 and 2021/22 figures have been restated to ensure comparison.

NOTE 26a – CASH FLOW STATEMENT – FINANCING ACTIVITIES

2021/22		2022/23
£'000		£'000
170	Cash payments for the reduction of the outstanding liability relating to a finance lease	181
6,338	Repayments of short-term and long-term borrowing	1,360
6,508	**Net cash flows from financing activities**	**1,541**

NOTE 26b – CASH FLOW STATEMENT – RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2022	Financing cash flows	Non-cash changes	31 March 2023
	£'000	£'000	£'000	£'000
Long-term borrowings	(101,807)	2,212	0	(99,595)
Short-term borrowings	(2,055)	(852)	0	(2,907)
On balance sheet PFI liabilities	(1,370)	181	0	(1,189)
Total liabilities from financing activities	**(105,232)**	**1,541**	**0**	**(103,691)**

NOTE 27 – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

2021/22		2022/23
£'000	**Expenditure / Income**	£'000
	Expenditure	
238,357	Employee benefits expenses	250,752
199,995	Other Services expenses	218,529
479	Support Services recharges	609
26,620	Depreciation, amortisation and impairment	27,955
13,679	Interest Payments	12,928
26,175	Precepts and Levies	27,931
503	Loss on the disposal of assets	0
505,808	**Total Expenditure**	**538,704**
	Income	
(59,229)	Fees, charges and other service income	(63,185)
(556)	Interest and investment income	(1,841)
(143,406)	Income from council tax and non-domestic rates	(150,229)
(307,936)	Government grants and contributions	(283,939)
0	(Gain) on the disposal of assets	(123)
(511,127)	**Total Income**	**(499,317)**
(5,319)	**(Surplus) / Deficit on the Provision of Services**	**39,387**

NOTE 28 – AGENCY SERVICES

Cyngor Gwynedd acts as an agent for various schemes on behalf of the Welsh Government:

- Houses into Homes – closing balance £258k (£300k in 2021/22) .
- Houses into Homes2 – closing balance £465k (£465k in 2021/22).
- Home Improvement Loans – closing balance £615k (£315k in 2021/22).
- Supporting Town Centre Regeneration in Caernarfon – closing balance £591k (£310k in 2021/22).
- Caernarfon and Bangor Town Centre Scheme – closing balance £619k (£638k in 2021/22).
- Bangor and Bethesda Town Centre Scheme – closing balance £500k (£494k in 2021/22).
- Transforming Towns Scheme – closing balance £77k (£466k in 2021/22).
- Gwynedd Town Regeneration Fund – closing balance £371k (£483k in 2021/22).

The Council administers two main education grants on behalf of the Welsh Government. The work involves receiving and distributing the grant to the North Wales local authorities and GwE. The grant total received for 2022/23 were as follows:

- Regional Consortia School Improvement Grant - £37.2m (£42.3m in 2021/22).
- Pupil Development Grant - £24.5m (£22.0m in 2021/22).

The Council also administers the North and Mid Wales Trunk Road Agency on behalf of the Welsh Government. The principal area of work is managing and maintaining the trunk road network in the North and Mid Wales Councils' Partnership region that extends to 1,080 kilometres. The income transactions recovered during 2022/23 were £71.3m (£87.2m in 2021/22).

NOTE 28 – AGENCY SERVICES (continued)

Due to the impact of the Covid-19 pandemic, there has been a number of grants and areas of financial support that local authorities have been asked to administer on the behalf of Welsh Government this year, therefore Cyngor Gwynedd have acted as an agent on behalf of Welsh Government, for and including:

- Cost of Living Payment £150 – £5.8m of payments made by the Council; (£131k) due to Welsh Government.
- National Non-Domestic Rates Relief Grant - £5.5m of payments made by the Council (£16m in 2021/22); (£1m) due to Welsh Government.
- Care workers bonus scheme - £4.8m of payments made by the Council (£3.5m in 2021/22); £4.8m due from Welsh Government.
- Winter Fuel Payment - £2.4m of payments made by the Council (£1m in 2021/22); £84k due from Welsh Government.
- Self-isolation payment - £562k of payments made by the Council (£1.9m in 2021/22).
- Unpaid Carers assistance - £526k of payments made by the Council (nil in 2021/22).
- Energy Bills Support Scheme Alternative Funding - nil payments made by the Council (nil in 2021/22); closing balance £487k.
- Statutory Sick Pay Enhancement - £369k of payments made by the Council (£192k in 2021/22).
- Alternative Fuel Payment - nil payments made by the Council (nil in 2021/22); closing balance £244k.

During 2022/23 Cyngor Gwynedd have acted as an agent on behalf of Welsh Government, to distribute payments arising from the Ukraine war including:

- Ukraine Host Payments – £216k of payments made by the Council (nil in 2021/22); £128k due from Welsh Government.
- Ukraine Cash Payments – £65k of payments made by the Council (nil in 2021/22); £20k due from Welsh Government.

NOTE 29 – MEMBERS' ALLOWANCES

The Council paid the following allowances and expenses to members of the Council during the year:

2021/22		**2022/23**
£'000		**£'000**
1,350	Allowances	1,414
2	Expenses	19
1,352		**1,433**

NOTE 30 – OFFICERS' REMUNERATION

30a. The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Council to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay, employer's pension contributions and other employer costs are included below (including termination benefits), but the employer's national insurance contributions are excluded.

2021/22			Chief Officers	2022/23		
Salary	**Employer's Pension Contributions**	**Total**		**Salary**	**Employer's Pension Contributions**	**Total**
£	**£**	**£**		**£**	**£**	**£**
99,317	20,225	119,542	Chief Executive [1]	115,348	23,531	138,879
100,438	20,489	120,927	Corporate Director [2]	43,570	6,961	50,531
0	0	0	Corporate Director [3]	64,893	13,238	78,132
0	0	0	Corporate Director [4]	48,670	9,929	58,599
89,276	18,212	107,488	Head of Education	103,064	21,025	124,089
20,004	4,081	24,085	Head of Finance [5]	80,252	16,371	96,624
79,717	16,240	95,957	Head of Highways, Engineering and YGC	79,965	16,290	96,255
83,114	16,183	99,297	Head of Adults, Health and Wellbeing	81,253	16,576	97,829
79,328	16,183	95,511	Head of Economy and Community	81,253	16,576	97,829
80,063	15,227	95,290	Head of Children and Family Support	81,253	15,611	96,864
79,328	16,183	95,511	Head of Environment	81,253	16,576	97,829
79,328	16,183	95,511	Head of Corporate Support [6]	27,084	5,525	32,610
0	0	0	Head of Corporate Support [7]	29,329	5,983	35,312
46,861	9,560	56,421	Head of Housing and Property [8]	76,116	15,505	91,621
67,011	13,670	80,681	Head of Gwynedd Consultancy [9]	53,425	10,547	63,973
71,176	14,520	85,696	Head of Legal Service [10]	73,101	14,913	88,014

1. Holder in role since 10 May 2021, Deputy Returning Officer since 1 May 2022. The figures do not include any remuneration in his role as Deputy Returning Officer. The amount paid in 2022/23 was £1,129, which is based on rates defined by the respective election bodies.
2. Holder in role until 31 July 2022.
3. Holder in role since 1 August 2022.
4. Holder in role since 1 October 2022.
5. Holder in role since 1 January 2022.
6. Holder in role until 31 July 2022.
7. Holder in role since 7 November 2022.
8. Holder in role since 2 August 2021.
9. Holder in role until 31 December 2022. The role has been removed and the departement has been combined with Highways and Engineering.
10. The figures do not include any remuneration for the Head of Legal Service in his role as Deputy Returning Officer. The amount paid in 2022/23 was £2,371, which is based on rates defined by the respective election bodies.

NOTE 30 – OFFICERS' REMUNERATION (continued)

30b. The Accounts and Audit (Wales) Regulations 2014 (as amended) require the Council to include a ratio of remuneration. The ratio of the Chief Executive's remuneration to the median remuneration of all the Council's employees for 2022/23 is 5.25:1 (5.66:1 in 2021/22).

30c. Other Council employees receiving more than £60,000 remuneration for the year (excluding employer's pension and national insurance contributions) were paid the following amounts but which include termination benefits paid in two cases in 2021/22. These posts would not appear below except for the termination benefits paid in the individual year.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:

	Number in 2021/22				Number in 2022/23		
	Schools	Other	Total		Schools	Other	Total
*	28	12	40	£60,000 - 64,999	44	14	58
*	12	7	19	£65,000 - 69,999	18	14	32
	6	3	9	£70,000 - 74,999	14	1	15
	3	1	4	£75,000 - 79,999	5	2	7
	4	0	4	£80,000 - 84,999	3	1	4
	0	0	0	£85,000 - 89,999	1	1	2
	1	0	1	£90,000 - 94,999	1	0	1
	0	0	0	£95,000 - 99,999	0	0	0
	0	0	0	£100,000 - 104,999	1	0	1
	0	0	0	£105,000 - 109,999	0	0	0
	3	0	3	£110,000 - 114,999	0	0	0
	0	0	0	£115,000 – 119,999	1	0	1

*2021/22 figures have been re-categorised to ensure comparison with 2022/23.
A voluntary aided school employee is included in the £60,000 - £64,999 band above.

NOTE 31 – EXTERNAL AUDIT COSTS

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

2021/22		2022/23
£'000		£'000
189	Fees payable to auditors appointed by the Auditor General for Wales with regard to external audit services	216
99	Fees payable to auditors appointed by the Auditor General for Wales in respect of statutory inspections	103
47	Fees payable to auditors appointed by the Auditor General for Wales for the certification of grant claims and returns for the year	41
335		**360**
(2)	**Less:** Fees payable to auditors appointed by the Auditor General for Wales in respect of Joint Committees and Harbour Accounts	(1)
2	Previous years' adjustment for audit fees	0
335	**Cyngor Gwynedd Net Fees**	**359**

NOTE 32 – GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	Note	2021/22 £'000		2022/23 £'000	
Credited to Taxation and Non-specific Grant Income					
Revenue Support Grant (Non-ring-fenced Government Grants)	13		155,298		167,695
Government Revenue Grants and Contributions - Other	13		916		0
Government Capital Grants and Contributions -					
21st Century Schools		4,455		5,549	
General Capital Grant		7,300		2,807	
Local Transport Fund		8,256		2,920	
Road Rejuvenation Capital Grant		1,320		0	
Economic Stimulus Support Grant		3,100		0	
Other *		7,088		3,317	
	13		31,519		14,593
Other Capital Grants and Contributions	13		1,464		1,483
Total			**189,197**		**183,771**
Grants and Contributions Credited to Services					
Welsh Government -					
Improvement and Deprivation Grants (Education)		8,493		8,036	
Childcare Offer Grant		6,754		7,612	
Local Authority Education Grants		8,515		6,727	
Housing Support Grant		5,926		6,428	
Children and Communities Grant		4,207		4,764	
Post 16 Grant (Education)		4,210		4,439	
Capital Grants		4,406		2,736	
Social Care Workforce and Sustainability Pressures Grant		3,864		1,732	
Concessionary Fares Grant		1,434		1,108	
Sustainable Waste Management Grant		1,516		1,002	
Covid-19 Hardship Fund		16,088		1,274	
Social Care Recovery Fund Grant		2,380		0	
Other		8,421		8,506	
			76,214		54,364
Other Government Grants and Contributions -					
Department for Work and Pensions		23,453		22,241	
Other		21,418		25,046	
			44,871		47,287
Other Grants and Contributions			5,727		6,400
Total			**126,812**		**108,051**

** 2021/22 figures have been re-categorised to ensure comparison with 2022/23.*

NOTE 32 – GRANT INCOME (continued)

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

Grants Received in Advance	31 March 2022 £'000	31 March 2023 £'000
Long-term		
Capital Grants and Contributions		
Highways and Municipal Capital Contributions	790	644
Environment (Planning, Transport and Public Protection) Grants	775	778
North Wales Growth Deal	888	5,401
	2,453	6,823
Total Long-term	**2,453**	**6,823**
Short-term		
Revenue Grants and Contributions		
Economy and Community Grants	2,530	9,737
Environment (Planning, Transport and Public Protection) Grants	37	1
Adults, Health and Well-being Grants	930	557
Housing Grants	244	341
Education Grants	1,147	1
Finance Grants	151	0
Consultancy Grants	276	0
Children and Supporting Families Grants	11	126
	5,326	10,763
Capital Grants and Contributions		
North Wales Growth Deal	3,625	1,425
Other	1,589	5,706
	5,214	7,131
Total Short-term	**10,540**	**17,894**
Total	**12,993**	**24,717**

NOTE 33 – RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. To conform to the requirements, this is done by Members and Senior Officers completing a personal declaration, as defined in the CIPFA Code of Practice.

Welsh and Central Government
Welsh Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework; it provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from the Welsh Government and other Government departments are set out in the subjective analysis in Note 27 which analyses expenditure and income by nature. The position as at 31 March is detailed in Note 32.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 29.

The Council appoints members to some external charitable or voluntary bodies or the members have disclosed a link to organisations, public bodies and authorities. A breakdown of the payments made to these bodies under this heading during 2022/23 and balances at 31 March 2023 is as follows:

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
42,706	3,314	(20,955)	(12,291)

Members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Council. A breakdown of the payments made to these companies under this heading during 2022/23 and balances at 31 March 2023 is as follows:

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
2,499	385	(585)	(313)

Officers
Senior Officers (as defined) have declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Council. A breakdown of the payments made to these bodies under this heading during 2022/23 and balances at 31 March 2023 is as follows:

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
24,341	1,027	(12,898)	(9,868)

Other Public Bodies
The Council is the administering authority for the Pension Fund. Details of transactions with the Pension Fund are shown in Note 38.

The Council has a pooled budget arrangement with all local authorities in North Wales and Betsi Cadwaladr University Health Board, hosted by Denbighshire County Council for the function of care home accommodation for older people. The relevant transactions and balances are detailed in Note 42 of the accounts.

NOTE 33 – RELATED PARTIES (continued)

North Wales Corporate Joint Committee

The North Wales Corporate Joint Committee (CJC) was formally constituted on 14 January 2022, and this was a result of the Local Government and Elections (Wales) Act 2021 creating a framework to have a consistent mechanism for regional collaboration between local government. The North Wales CJC's duties are strategic development planning, regional transport planning and may also include economic well-being. The CJC comprises six constituent councils: Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Cyngor Gwynedd, Isle of Anglesey County Council and Wrexham County Borough Council. Snowdonia National Park Authority is also a member of the CJC in relation to the exercise of strategic planning functions. Payments to the CJC during 2022/23 and the balances at 31 March 2023 are as follows:

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
0	0	(55)	(55)

Welsh Joint Education Committee (WJEC)

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
934	0	(0)	0

Entities Controlled or Significantly Influenced by the Council

Cwmni Cynnal Cyf. was established in 1996 to provide education support services under contract to maintained schools and the local education authorities as well as school inspection services to Estyn. Cwmni Cynnal Cyf. ceased trading on 31 March 2022.

Subsidiary

Byw'n Iach Ltd was established on 27 June 2018 to provide a leisure service for the residents of Gwynedd. The company is limited by guarantee and the Council's liability is limited to £1, with Cyngor Gwynedd being the sole proprietor. Management responsibilities were transferred to the Leisure Company on 1 April 2019 with a service contract in place which sets out the actual services and outcomes that the company is required to deliver for its fee. The Board of Directors is made up of 7 elected members of Cyngor Gwynedd. Copies of the audited financial statements for the financial year 2022/23 can be obtained from Byw'n Iach website. The payments to Byw'n Iach Ltd for Leisure Services during 2022/23 and the balances at 31 March 2023 are as follows:

Payments made (including creditors) £'000	Amounts owed by the Council £'000	Income received (including debtors) £'000	Amounts owed to the Council £'000
1,870	44	(566)	(53)

NOTE 34 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2022 £'000		31 March 2023 £'000
534,325	Non-current Assets and Assets Held for Sale	573,284
(141,054)	Revaluation Reserve	(167,073)
(223,932)	Capital Adjustment Account	(235,399)
169,339	**Capital Financing Requirement**	**170,812**

The movement in the year is explained as follows:

2021/22 £'000		2022/23 £'000
174,019	**Capital Financing Requirement 1 April**	**169,339**
10,651	Land and Buildings	11,840
12,144	Infrastructure	14,411
7,676	Vehicles, Plant and Equipment	6,107
28	Surplus Assets	26
7,055	Funded from capital under statute	6,001
(79)	Capital Receipts used	(695)
(34,626)	Government Grants and other contributions	(20,449)
0	Capital expenditure charged to revenue	(8,251)
(5,387)	Revenue provision for the financing of supported capital investment	(5,352)
	Additional voluntary sums set aside:	
(2,142)	Capital receipts set aside / Revenue provision for the financing of unsupported capital investment	(2,165)
169,339	**Capital Financing Requirement 31 March**	**170,812**

NOTE 35 – LEASES

Council as Lessee

Finance Leases

The Council has property under finance leases which are carried as Property, Plant and Equipment in the Balance Sheet. Included here is the GwyriAD Service Concession Arrangement (Note 41) at the following net amount:

31 March 2022 £'000		31 March 2023 £'000
2,300	Property, Plant and Equipment	2,245
2,300		**2,245**

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 2023 £'000
	Finance Lease Liabilities	
	(net present value of minimum lease payments):	
181	current	192
1,189	non-current	997
1,370	Minimum lease payments	**1,189**

The remaining asset shown above has been funded by a deferred credit (refer to Note 41).

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
No later than one year	181	192	181	192
Later than one year and not later than five years	841	893	841	893
More than five years	348	104	348	104
	1,370	**1,189**	**1,370**	**1,189**

In 2022/23, minimum lease payments were made by the Council of £180,656 (£170,164 in 2021/22) in respect of those assets held as a finance lease.

NOTE 35 – LEASES (continued)

Operating Leases

	31 March 2022	31 March 2023
	£'000	£'000
No later than one year	431	297
Later than one year and not later than five years	177	143
Later than five years	175	133
	783	**573**

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2021/22	2022/23
	£'000	£'000
Minimum lease payments	625	573
	625	**573**

Council as Lessor

Finance Leases

The Council has leased out property on a finance lease, including:

- The Sailing Academy in Pwllheli,
- Rhyd Ddu Outdoor Centre

These leases are on a peppercorn rent basis and for a term that equates to the economic life of the assets. No premium has been received for these leases.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31 March 2022	31 March 2023
	£'000	£'000
No later than one year	313	367
Later than one year and not later than five years	571	657
Later than five years	2,776	4,041
	3,660	**5,065**

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 2022/23 £955,502 minimum lease payments were received by the Council (£1,039,632 in 2021/22).

NOTE 36 – EXIT PACKAGES

The number of exit packages with total cost per band, and total cost of the compulsory and other redundancies are set out in the table below. The cost in the table below reflects the related package cost to the employer, rather than the actual value of the payments to the individuals. In accordance with the requirements the related commitments as known to the Council as at 31 March 2023 are included. Included below are the related gross costs but not the financial savings to the Council, where appropriate.

Exit package 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 in each band	
£	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £'000	2022/23 £'000
0 - 20,000	13	5	3	3	**16**	**8**	133	44
20,001 - 40,000	0	0	0	2	**0**	**2**	0	61
40,001 - 60,000	1	0	1	0	**2**	**0**	107	0
60,001 - 80,000	0	1	0	0	**0**	**1**	0	74
80,001 – 100,000	0	0	0	1	**0**	**1**	0	85
100,001 – 150,000	0	1	0	0	**0**	**1**	0	117
Adjustment to previous year's estimate							17	(21)
Total	**14**	**7**	**4**	**6**	**18**	**13**	**257**	**360**

A contribution was received from Anglesey County Council towards one of the above exit costs.

NOTE 37 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Government's 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 purposes of this Financial Statement, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £11.73m (£11.02m in 2021/22) in respect of teachers' pension costs, which represented 22.92% (23.68% in 2021/22) of teachers' pensionable pay. In addition the Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms for the teachers' scheme. In 2022/23 these amounted to £0.927m (£0.94m in 2021/22) representing 1.81% (2.01% in 2021/22) of teachers' pensionable pay. These costs are accounted for on a defined benefits basis and are included in Note 38.

NOTE 38 – PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments. These need to be disclosed at the time that employees earn their future entitlement.

Cyngor Gwynedd participates in two post-employment benefit schemes:

a) **The Local Government Pension Scheme** administered locally by Cyngor Gwynedd. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014, and based on a career average salary from 1 April 2014. The Council and the employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. Cyngor Gwynedd's proportion of the total contributions to the Gwynedd Pension Fund in 2022/23 was 36% (38% in 2021/22).

b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Cyngor Gwynedd. Policy is determined in accordance with the Local Government Pensions Scheme Regulations.

The principal risks to the Council from the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the amounts required by statute as described in the accounting policies note to the General Fund.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge it is required to make against council tax 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 via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

NOTE 38 – PENSION COSTS (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2022			Period ended 31 March 2023		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	894,265	0	894,265	985,907	0	985,907
Present value of funded liabilities	0	(1,233,160)	(1,233,160)	0	(1,206,012)	(1,206,012)
Present value of unfunded liabilities	0	(24,957)	(24,957)	0	(21,942)	(21,942)
Opening Position at 1 April	**894,265**	**(1,258,117)**	**(363,852)**	**985,907**	**(1,227,954)**	**(242,047)**
Service cost						
Current service cost*	0	(60,875)	(60,875)	0	(57,340)	(57,340)
Past service costs (including curtailments)	0	0	0	0	(390)	(390)
Total Service Cost	**0**	**(60,875)**	**(60,875)**	**0**	**(57,730)**	**(57,730)**
Net interest						
Interest income on plan assets	17,971	0	17,971	26,726	0	26,726
Interest cost on defined benefit obligation	0	(25,603)	(25,603)	0	(33,678)	(33,678)
Total Net Interest	**17,971**	**(25,603)**	**(7,632)**	**26,726**	**(33,678)**	**(6,952)**
Total Defined Benefit Cost Recognised in Profit / (Loss)	**17,971**	**(86,478)**	**(68,507)**	**26,726**	**(91,408)**	**(64,682)**
Cash flows						
Participants' contributions	6,697	(6,697)	0	7,470	(7,470)	0
Employer contributions	23,057	0	23,057	24,700	0	24,700
Contributions in respect of unfunded benefits	1,599	0	1,599	0	0	0
Benefits paid	(19,927)	19,927	0	(22,872)	22,872	0
Unfunded benefits paid	(1,599)	1,599	0	(1,571)	1,571	0
Contributions in respect of unfunded benefits paid				1,571	0	1,571
Expected Closing Position	**922,063**	**(1,329,766)**	**(407,703)**	**1,021,931**	**(1,302,389)**	**(280,458)**
Remeasurements						
Change in demographic assumptions	0	6,615	6,615	0	36,220	36,220
Change in financial assumptions	0	95,995	95,995	0	502,848	502,848
Other experience**	0	(798)	(798)	(10,033)	(77,169)	(87,202)
Return on assets excluding amounts included in net interest	63,844	0	63,844	(35,654)	0	(35,654)
Total remeasurements recognised in Other Comprehensive Income (OCI)	**63,844**	**101,812**	**165,656**	**(45,687)**	**461,899**	**416,212**
Fair value of plan assets	985,907	0	985,907	976,244	0	976,244
Present value of funded liabilities	0	(1,206,012)	(1,206,012)	0	(822,438)	(822,438)
Present value of unfunded liabilities***	0	(21,942)	(21,942)	0	(18,052)	(18,052)
Closing Position at 31 March**	**985,907**	**(1,227,954)**	**(242,047)**	**976,244**	**(840,490)**	**135,754**

* The current service cost includes an allowance for administration expenses of 0.5% of payroll

** The other experience on obligations includes an allowance for the pension increase order applied to the funded obligations at April 2023 being different to the pension increase assumption adopted in the Employer's Schedule of results at the start of the period. Within this other experience item, the funded obligations have increased by £64,541,000 as a result of the pension increase order being different to the previous assumption.

*** This liability comprises approximately £6,757,000 in respect of LGPS unfunded pensions and £11,295,000 in respect of Teachers' unfunded pensions.

**** This is inclusive of the liability relating to both Byw'n Iach and the North and Mid Wales Trunk Road Agency (NMWTRA) employees who are under the responsibility of the council.

NOTE 38 – PENSION COSTS (continued)

The zero balance on the Balance Sheet reflects a surplus in the benefits earned by employees and the resources the Council has set aside to meet them, which has been limited by IAS 19 and IFRIC 14.

	31 March 2022 £'000	31 March 2023 £'000
Fair value of plan assets	985,907	976,244
Present value of funded obligations	(1,227,954)	(840,490)
Effect of IAS 19/ IFRIC 14	0	(131,272)
Net Asset/ (Liability) arising from Defined Benefit Obligation	**(242,047)**	**4,482**

The Major Categories of Plan Assets as a Percentage of Total Plan Assets

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Cyngor Gwynedd is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2022. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2023 to be £2.771bn based on information provided by the Administering Authority and allowing for index returns where necessary.

Fair Value of Employer Assets

The asset values below are at bid value as required under IAS19.

Asset Category	At 31 March 2022				At 31 March 2023			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Private Equity								
All	0	55,560	55,560	6	0	61,460	61,460	6
Debt Securities								
Other	0	0	0	0	0	0	0	0
Real Estate								
UK Property	0	84,556	84,556	9	0	80,458	80,458	8
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds and Unit Trusts								
Equities	0	626,572	626,572	63	0	607,742	607,742	62
Bonds	0	0	0	0	0	0	0	0
Infrastructure	0	19,270	19,270	2	0	27,717	27,717	3
Other	0	196,874	196,874	20	0	195,820	195,820	20
Cash and Cash Equivalents								
All	3,075	0	3,075	0	3,047	0	3,047	1
Total	**3,075**	**982,832**	**985,907**	**100**	**3,047**	**973,197**	**976,244**	**100**

NOTE 38 – PENSION COSTS (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

	31 March 2022	31 March 2023
Financial Assumptions	**% p.a.**	**% p.a.**
Pensions Increase Rate	3.20	2.95
Salary Increase Rate	3.50	3.45
Inflation Rate	3.20	2.95
Discount Rate	2.70	4.75
Long-term expected rate of return on all categories of assets	2.70	4.75
Take-up option to convert annual pension into retirement lump sum		
for pre-April 2008 service	50	65
for post-April 2008 service	75	65
Mortality assumptions	**Years**	**Years**
Longevity at 65 for current pensioners		
Men	21.3	20.8
Women	23.7	23.8
Longevity at 65 for future pensioners		
Men	22.4	21.9
Women	25.7	25.5

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme commitments as at 31 March 2023 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Council of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The figures in the table below have been derived based on the membership profile of the Council as at 31 March 2022, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

NOTE 38 – PENSION COSTS (continued)

Impact on the Defined Benefit Obligation in the Scheme		
Change in assumption	**Approximate increase to Defined Benefit Commitment 31 March 2023 %**	**Approximate monetary amount 31 March 2023 £'000**
0.1% decrease in real discount rate	2	16,601
1 year increase in member life expectancy	4	33,620
0.1% increase in the salary increase rate	0	2,439
0.1% increase in the pension increase rate	2	14,400

Impact on the Council's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Cyngor Gwynedd has agreed a strategy with the fund's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis.

The contributions paid by the Council are set by the Fund Actuary at each triennial valuation, or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2023 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Council, please refer to the 2019 actuarial report dated 31 March 2020.

Information about the Defined Benefit Obligation

	Liability Split 31 March 2023 £'000	**%**
Active Members	393,390	48
Deferred Members	126,160	15
Pensioner Members	302,888	37
Total	**822,438**	**100**

The above figures are for the funded obligations only and do not include any unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2022. The weighted average duration of the defined benefit obligation for the scheme members in 2022/23 is 20 years.

Impact in Future Years

The total contributions expected to be made to the Local Government Pensions Scheme by the Council in the year to 31 March 2024 is £23.032m.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £34,331 has been made in 2022/23 (£218,134 in 2021/22) to bring the position of the Scheme based on the Actuarial figures in line with the closing position at 31 March 2023. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities.

NOTE 39 – 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.

The position below relates to circumstances involving two specific contingent liabilities:

- The capping and aftercare requirements for the Council's landfill sites – the provision contained in the accounts is based on existing and known circumstances, in addition to relevant forecasts. However, the actual final cost may differ from the current estimated future cost.

- This Council is exposed to a potential insurance liability relating to the insurance arrangements of its predecessor authorities, being Gwynedd County Council, Arfon Borough Council, Dwyfor District Council, and Meirionnydd District Council, and the closure of the Municipal Mutual Insurance (MMI) Fund on 30 September 1992.

  MMI made a scheme of arrangement with its creditors, by which, if MMI had insufficient funds to meet future claims, a claw-back clause would be triggered (i.e. Scheme of Arrangements) which could affect claims paid since 1992/93. On 13 November 2012, the directors of the Company concluded that the terms of the Scheme of Arrangement should be triggered and served notice on the Scheme Administrator and the Company to that effect. The decision is irrevocable. An initial levy of 15% of the payments made since 30 September 1992 was paid during 2013/14, and a further 10% was paid in 2016/17.

  However, in accordance with the scheme, a further levy may be raised should the original levy be insufficient to meet MMI's liabilities in the longer term. Cyngor Gwynedd is of the opinion that it would be prudent to hold a fund in the expectation that the original levy will be inadequate. The maximum potential liability to this Council based on the latest published figures available at the end of the financial year is £1.3m.

NOTE 40 – TRUSTS

The Council acts as sole trustee for 175 bequests such as school prize funds, and comforts and improvements funds for numerous Council Establishments. The largest fund, the Welsh Church Fund, has a completely separate accounting ledger, whereas, the Council holds the property for 174 of these bequests but makes no decision on the funds use. In every case, the funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

The total balance of the 174 bequests derecognised from the Council's Balance Sheet at 31 March 2023 was £1,634,434 (£1,146,121 on 31 March 2022). The funds are fully invested to generate income.

The largest bequests, the Welsh Church Fund and FMG Morgan Trust Fund, are detailed in appendices A and B of these accounts.

NOTE 41 – SERVICE CONCESSION ARRANGEMENTS

GwyriAD is a Service Concession Arrangement, otherwise known as a 'Private Finance Initiative' (PFI) scheme. The construction commenced in 2012/13 and the plant became operational in September 2013. It is a treatment plant for source-segregated food waste from Gwynedd residents and businesses (mainly) using Anaerobic Digestion (AD) technology. The enterprise is assisting the Council to meet its recycling targets, and to work within its allowances for landfilling of Biodegradable Municipal Waste for a period of 15 years.

The assets used to provide the service are recognised on the Council's Balance Sheet. The value of the related assets was £2.2m as at 31 March 2023 (£2.3m as at 31 March 2022). The Council makes an agreed payment (gate fee) each year based on a minimum amount of tonnage which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. The Council has the right to increase the amount of tonnages over the agreed 7,500 tons to a maximum of 11,000 tons, and will pay a reduced gate fee for anything over 7,500 tons.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Paid in 2022/23	498	181	84	763
Payable in 2023/24	498	192	73	763
Payable within 2 to 5 years	1,991	893	167	3,051
Payable within 6 to 10 years	207	104	7	318
Total	**3,194**	**1,370**	**331**	**4,895**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable.

The contractor receives income from energy that is generated from the waste which has enabled it to keep the unitary payment low for the Council. If the income is higher than that which is in the contract, there is an arrangement for it to be shared between the contractor and Cyngor Gwynedd.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2022/23	
	Lease Liability	Deferred Income
	£'000	£'000
Balance outstanding at 1 April 2022	(1,370)	(935)
Repayment of principal during the year	181	0
Release of deferred income	0	145
Balance outstanding at 31 March 2023	**(1,189)**	**(790)**

Either party can terminate the agreement at any time should there be deficiencies, subject to giving notice in accordance with the terms of the agreement. Equally, the Council can unilaterally terminate the agreement in accordance with the terms therein. There would be compensation payments linked to any termination arrangement. At the expiry of the agreement, the Council has the right to re-tender for a contractor to provide the service.

NOTE 42 – POOLED BUDGET

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1 April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement.

The Council's transactions are included under Adults, Health and Well-being in the Comprehensive Income and Expenditure Statement. The income and expenditure for this pooled budget arrangement are included in the table below:

	Care Homes for the Elderly	
2021/22 £'000		**2022/23 £'000**
	Expenditure	
98,982	Care Home costs	111,032
98,982	**Total Expenditure**	**111,032**
	Funding	
(9,340)	Denbighshire County Council	(10,236)
(14,221)	Conwy County Borough Council	(15,864)
(10,095)	Flintshire County Council	(10,556)
(15,317)	Wrexham County Borough Council	(14,434)
(9,143)	Cyngor Gwynedd	(11,214)
(5,209)	Isle of Anglesey County Council	(5,708)
(35,657)	Betsi Cadwaladr University Health Board	(43,020)
(98,982)	**Total Funding**	**(111,032)**
0	**(Surplus) / Deficit transferred to Reserve**	**0**

NOTE 43 – JOINT OPERATIONS AND JOINT COMMITTEES

The Council currently participates in a number of joint operations with neighbouring North Wales authorities.

During 2022/23, Cyngor Gwynedd participated in four joint committee and two joint operation, collaborating in particular areas between local authorities. Separate accounts are required for joint committees. The four joint committee relating to Gwynedd in 2022/23 are:

- Joint Planning Policy Committee
- GwE
- North Wales Residual Waste Treatment Project (NWRWTP)
- North Wales Economic Ambition Board (NWEAB)

The two joint operation relating to Gwynedd in 2022/23, that are operational following the Covid-19 crisis, are:

- Test, Trace and Protect Programme
- Bus Emergency Scheme

The Joint Committee accounts follow the same timetable in terms of the statutory dates for the completion of the accounts. In the circumstances, Cyngor Gwynedd's accounts reflect the related actual net liability, although the subjective analysis position varies subject to the circumstances, and the reporting arrangements, of the various joint committees (except for the NWEAB). The figures and the share relating to Gwynedd have been included in the table below:

Joint Committe / Joint Operation	Host Authority for Finance	Councils and Organisations participating in the Joint Committee / Joint Operation	Cyngor Gwynedd's Share %	Value of Gwynedd's Share (Income and Expenditure Account) £'000
Joint Committee				
Joint Planning Policy Committee	Cyngor Gwynedd	Cyngor Gwynedd Isle of Anglesey County Council	50.00	245
GwE	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle Anglesey County Council Wrexham County Borough Council	17.59	773
North Wales Residual Waste Treatment Project	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council	23.83	0
North Wales Economic Ambition Board	Cyngor Gwynedd	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle Anglesey County Council Wrexham County Borough Council Bangor University Grŵp Llandrillo Menai Wrexham Glyndŵr University	*Refer to note below	

		Coleg Cambria		
Joint Operation				
Test, Trace and Protect Programme	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council Wrexham County Borough Council	21.23	347
Bus Emergency Scheme	Flintshire County Council	Conwy County Borough Council Denbighshire County Council Flintshire County Council Cyngor Gwynedd Isle of Anglesey County Council Wrexham County Borough Council	24.04	1,269

* Cyngor Gwynedd's accounts include their actual transactions and balances in respect of the NWEAB'S business as well as their share of the remaining transactions and balances, which have been distributed as 12.5% (Local Authority) and 6.25% (Further/Higher Education) in accordance with the allocations in the Governance Agreement 2.

The individual joint committees' accounts are available on the website of the councils which are host authorities for finance.

NOTE 44 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Head of Finance on 8 December 2023. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact. The accounts have been updated since issue on 30 June 2023 to incorporate auditor findings.

THE WELSH CHURCH FUND

2021/22 £'000		2022/23 £'000	£'000
958	**Amount of Fund at 1 April**		970
	Add - Income during the year		
42	Interest on Investments		47
	Less - Expenditure during the year		
(30)	Grants and expenses	(41)	
			(41)
970	**Amount of Fund at 31 March**		**976**
	Represented by the following Assets		
0	Debtors		2
900	Investments		900
73	Cash in Hand		75
973			977
(3)	**Less -** Creditors		(1)
970	**Total**		**976**

NOTES TO THE ACCOUNTS

1. The Scheme for the administration of the Fund provides that the income be applied for charitable purposes - educational, recreational and social, at the discretion of the Council.

2. The Charities Act 1993 requires that an independent examination of the statement of accounts of the Welsh Church Fund be carried out annually.

3. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2023 was £878,344.

FMG MORGAN TRUST FUND

2021/22 £'000		2022/23 £'000
188	**Amount of Fund at 1 April**	184
	Add - Income during the year	
14	Interest on assets	16
	Less - Expenditure during the year	
(18)	Grants	(33)
184	**Amount of Fund at 31 March**	**167**
	Assets	
144	Investments	144
40	Cash in Hand	23
184		**167**

NOTES TO THE ACCOUNTS

1. This Fund was set up from the residuary estate of the late Mrs. Florence Merthyr Guest Morgan. The income from the Fund was to be applied to aid residents of certain areas of Llŷn for specified purposes.

2. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2023 was £363,635 (£378,818 at 31 March 2022).

3. The FMG Morgan Fund is outside the provision of the Charities Act 1993. No independent examination or audit is therefore required in respect of this Trust Fund.

ANNUAL GOVERNANCE STATEMENT

This statement meets with the requirement to produce an Internal Control Statement in accordance with Regulation 5 of the Accounts and Audit Regulations (Wales) 2014.

Part 1: SCOPE OF RESPONSIBILITY

Gwynedd Council is responsible for ensuring that it conducts its business in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Gwynedd Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the exercise of its functions, having regard in particular to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.

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

Gwynedd Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework, *Delivering Good Governance in Local Government*. A copy of the code is available on our website, or may be obtained by writing to Gwynedd Council, County Offices, Shirehall Street, Caernarfon, Gwynedd LL55 1SH. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 5(5) Accounts and Audit (Wales) Regulations 2014 in relation to publishing a statement on internal control.

Part 2: THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to enable the Council to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks that are relevant to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework described above has been in place at Gwynedd Council for the year ending 31 March 2023 and remains applicable up to the date of the approval of the Statement of Accounts.

Part 3: GOVERNANCE ARRANGEMENTS AND THEIR EFFECTIVENESS

3.1 The **Governance Arrangements Assessment Group** monitors matters of governance continuously in a disciplined manner, raising a wider awareness of these, and promoting a wider ownership of the Annual Governance Statement. The Group comprises the Corporate Director, the Monitoring Officer, the Section 151 Officer, Head of Corporate Support, Assistant Head of Corporate Support, Assistant Head of Finance, the Risk and Insurance Manager and the Council Business Service Support Manager.

3.2 To reflect the CIPFA/SOLACE Framework - *Delivering Good Governance in Local Government*, the local framework is set out in the form of a Governance Risk Register that is part of the Corporate Risk Register, identifying 24 areas of governance risks.

3.3 An outline is given of the Governance Areas, the relevant risks and the Council's arrangements to deal with these, and the effectiveness of these arrangements, in the remainder of this section of the Annual Governance Statement.

3.4 For each Governance Risk, a current score is shown, which is the score following an objective assessment of the control arrangements that are currently in place. Consideration is given to two factors:

- The **Impact** of the risk in the event of it being realised
- The **Likelihood** that it will occur.

3.5 Impact scores vary from 1 (Visible impact) to 5 (Catastrophic impact), and the Likelihood scores from 1 (very unlikely) to 5 (occurring now). The risk score is calculated by multiplying the impact score and the likelihood score.

3.6 The comparative level of the risks is calculated as follows:

Score 20-25	**Very High Risk**
Score 12-16	**High Risk**
Score 6-10	**Medium Risk**
Score 1-5	**Low Risk**

Culture

Risk: Inappropriate culture within the Council can hinder our ability to do the right things in the correct manner

Assessment:

We have assessed that this is currently a **High** risk, because:

- The six-day training programme for Service Managers on the principles of Ffordd Gwynedd (including robust performance management principles) has been delivered since the summer of 2017. All service managers have now followed this training with a programme to ensure all new managers receive the training into the future.
- The Managers Network has been re-established and held its first series of meetings in March 2019. The early signs are encouraging with the encouragement for managers and their teams to undertake reviews within their own services rather than the previous focus on intensive reviews.
- A new job description was circulated to each manager/senior manager outlining the behaviours expected of them and agreed generic content to a new job description for heads and assistant heads. A final version of a revised job description for team leaders and the remainder of Council staff, which confirms the expected behaviours, has been agreed.
- A review of Ffordd Gwynedd's progress across the Council has been carried out in collaboration with Cabinet members and a Task and Finish Group from members of the Governance and Audit Committee. That resulted in a new 5-year Work Programme to 2028 which was approved by Cabinet on 7 March 2023. The Plan identifies nine areas we will focus on to further embed the "way of working".

Current Risk Score:

Impact	Likelihood	Risk score
4	3	**12**

Conduct

Risk: Lack of integrity, ethics and respect in the conduct of members and officers, undermining the public's confidence in the Council

Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council has adopted codes of conduct for its members and officers, based on national regulations (codes such as the Member/Officer Relationship Code, Members' Code of Conduct, Officers' Code of Conduct, Anti-fraud and Anti-corruption Policy and the Whistle-blowing Code of Practice) and these together set the foundation to ensure integrity and ethics. There is evidence of action when it appears that these codes of conduct have been breached.
- There is clear evidence that the Council gives due consideration to the Ombudsman's reports as part of the work of the Standards Committee, which works effectively.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Lawfulness

Risk: Ignoring the rule of law, which means that the Council is open to challenges from the courts

Assessment:

We have assessed that this is currently a **Low** risk, because:

- Statutory Officers (the Monitoring Officer and the Head of Finance) have to offer comments on any formal decision, as part of a comprehensive constitution that is regularly reviewed.
- There are formal protocols in place in order to safeguard the rights of statutory officers.

Current Risk Score:

Impact	Likelihood	Risk score
3	1	**3**

Being open

Risk: A Council that is not open, meaning that it is not possible to hold it accountable for its decisions

Assessment:

We have assessed that this is currently a **Low** risk, because:

- Only the minimum of Committee reports are exempt
- Publicity is given to the decision notices of individual members, with procedures to ensure that this occurs.
- Background papers are published with committee reports in order to ensure that the decisions are made with full information.
- Many committee meetings that make decisions are web-broadcast.
- The Cabinet regularly considers performance reports as part of its meetings that are open and the Council publishes its Corporate Plan, Annual Performance Report and Self-Assessment and the Statement of Accounts to seek to give as much information as the residents need for us to be accountable.
- Various other methods are also used such as the website, 'Newyddion Gwynedd' and social media to try to ensure that Gwynedd residents are aware of what is happening within the Council.

Current Risk Score:

Impact	Likelihood	Risk score
2	1	**2**

Stakeholders

Risk: Weak relationship with institutional stakeholders, ending with sub-optimal services

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The willingness of public sector bodies, including Gwynedd Council, other neighbouring unitary councils, the Police, the Health Board, the third sector and others to co-operate for the joint delivery of public services can have a significant, visible impact for the People of Gwynedd.
- Work has been undertaken to create a Well-being Plan and the relationship between organisations has matured.
- The Council is committed to the Public Services Board.
- The Public Services Board is not the only vehicle for working with other agencies and there is a risk that the wide range of joint working structures can hinder the whole objective of working together, creating confusion.
- The Council has had Partnership Criteria in place for several years, so that Gwynedd Council only enters partnerships where it is in the interests of the people of Gwynedd.
- Collaboration also occurs at a regional level which is not always as effective as it could be due to the footprint size and the difficulty of building a relationship with such a large number of people. There are some examples of success (e.g. North Wales Economic Ambition Board).

Current Risk Score:

Impact	Likelihood	Risk score
3	3	**9**

Engagement

Risk: Failure to engage effectively with service users and individual citizens leads to prioritisation and poor decision making

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- A range of corporate engagement procedures have been put in place to ensure that we receive opinion from the public and other stakeholders as appropriate. These include arrangements to ensure that the Council's corporate engagement exercises reach groups and cohorts such as young people, LGBT+ people, ethnic minorities, refugees, adults with learning disabilities and Gwynedd businesses.
- During 2022/23 the engagement exercise for the Council's Regeneration Framework was used to:
  - undertake an engagement exercise which benefited several Departments, Services and key projects including the Gwynedd and Anglesey Public Services Board Wellbeing Survey, Population Needs Assessment (Adults Department), Local Housing Need Survey (Housing and Department), Clean and Tidy Communities (Highways and Municipal), Sustainable Tourism Principles (Economy and Community);
  - piloting the use of new engagement software ("Bang The Table" software);
  - develop a new brand for the engagement area ("Ardal Ni" brand);
  - trialling a new way of engaging at 13 local area level rather than the whole of Gwynedd.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	**9**

Direction and vision

Risk: Direction and vision that is not rooted in the outcomes for individuals and therefore does not realise the needs of the People of Gwynedd

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The Council is effective in setting its priorities and managing expectations because of the culture of concentrating on what is important to the people of Gwynedd, with the performance measures that are used across all services derived from this.
- The Council Plan 2023-28 was approved by the full Council on 2 March 2023. The plan includes a series of projects for the next five years under seven priority areas.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	**6**

Sustainability

Risk: Failing to comply with the five principles of the Well-being of Future Generations Act

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The Council has acknowledged the importance of acting in accordance with the Well-being of Future Generations Act and, jointly with its partners on the Public Services Board, has done initial work to identify what needs to be done to operate in accordance with the five principles - Long term, Prevention, Integration, Collaboration and Involvement.
- The Council is already complying with all the principles but to different degrees. The Management Group decided that the best way would be for Departmental Management Teams to pay attention to the principles when planning ahead. It is recognised that an assessment is needed if this way is successful or not. Reports coming before Cabinet are submitted in advance to the Corporate Support Department for review to keep track of situations where perhaps appropriate attention has not been given to the principles. By doing this we hope that we will embed the principles naturally rather than ticking boxes but time will tell if we will be successful.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	**9**

Decisions

Risk: Unwillingness to make decisions on action, which means a delay in achieving the outcomes for the people of Gwynedd

Assessment:

We have assessed that this is currently a **Low** risk, because:

- Over the last few years there is evidence that Gwynedd Council is willing to take difficult or unpopular decisions, e.g. schools, externalising Council houses, acting on the difficult results of the Gwynedd Challenge, changing the Youths arrangements and taking steps to ensure implementation principles within Education.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Planning Operations

Risk: Intervention without sufficient planning

Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council strives to maintain a suitable balance between Project Management procedures and working efficiently. As such, the Council is already maintaining robust project management arrangements for the largest projects, and uses a less comprehensive version for other projects, but based on the same principles.
- To ensure that the right things are measured each service's delivery measures are based on achieving a purpose and trying to ensure that any action improves our ability to achieve that.
- The Council tries to strike a balance between the need for order and the need to deliver as soon as possible by doing as little paperwork as is consistent with this, encouraging simple, brief reports that set out the main key points.
- The Council has a Medium Term Financial Strategy, with annual budgets based on this. The Council's work on financial planning is regularly praised by the external auditors, and the Governance and Audit Committee takes a leading role with financial scrutiny.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Reviewing Outcomes

Risk: Failure to review the outcomes of our actions, which means that we do not learn lessons by continuing to do the same things incorrectly

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The Council's arrangements for risk assessment, formulating a Corporate Plan and project management will ensure that the intended outcomes to be achieved are clear at the start of any project.
- The annual performance report will try to focus on assessing to what extent these outcomes have been achieved. There are good examples of where this has occurred and the situation is improving.
- Discussions continue to seek to ensure that the Improvement Priorities in our Corporate Plan are more clear in terms of outcomes, with the Self-Assessment assessing the extent to which those outcomes have been achieved.

Current Risk Score:

Impact	Likelihood	Risk score
3	2	**6**

Property Assets

Risk: The Council's property assets not used to their full potential

Assessment:

We have assessed that this is currently a **Low** risk, because:

- A new Asset Strategy for the 10 year period from 2019/20 to 2028/29 has been developed and was approved by the full Council on 7 March 2019.
- The result is that a number of buildings that were no longer needed have been disposed of.
- In terms of vehicles, a plan has been implemented to try and make better use of the Council's fleet that has already presented some financial savings and is likely to achieve more.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Information Technology Assets

Risk: The Council's Information Technology assets not used to their full potential

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- Work is ongoing to develop a new Digital Plan for the period 2023-28. It is expected that it will be presented for scrutiny by the Education and Economy Scrutiny Committee in September 2023 before it will be formally approved by Cabinet in November 2023.
- The digital channel is an ongoing development and new services are constantly being released. There are several internal developments to improve internal administration, including a lengthy list of staff self-service developments and significant improvements to training arrangements. The self-service channels (internal and external) are not the only developments. Around fifty new systems are developed annually and these are tailored around the requirements of the services rather than having to adapt a service to meet the needs of a particular system. While there are many examples of where we have used technology to improve how we deliver services to the residents of Gwynedd, it is not happening at the pace that we would like it to happen and several applications remain for resources to develop them.
- In extending the use of technology we face further risks in terms of security and cybersecurity, with this element being an essential assessment of any new development or review of an inherent solution.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	**9**

Workforce Planning

Risk: Failure to plan the workforce in terms of attracting, developing and retaining staff

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- To ensure that the Council is in a position to deliver services that always put the People of Gwynedd at the centre, we must ensure that we have the right staff in the right place with the right skills. A Project Group has been established and short-term and longer-term objectives are in place. The Human Resources Team has attended training on the relevant skills needed to plan the workforce effectively. The main focus at the moment is on solving the short-term recruitment problems the Council is experiencing, but the most important and longer-term objective is to improve how we attract and retain staff, planning our staffing needs some years in advance while reducing the risk of having problems in attracting staff in the future.
- The development of the Council's data handling capacity to plan staffing needs is being addressed, including the development of a system of using exit interviews.
- The programme of attracting apprentices and professional trainees has been well established, to meet the need for officer development in specialist areas.

Current Risk Score:

Impact	Likelihood	Risk score
3	3	**9**

Leadership

Risk: Deficiencies in the Council's leadership means that we are not doing the right things

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- There is an element of evidence (through self-assessment) that leadership within the Council is improving with numerous examples of transformational leadership on display rather than transactional leadership. The increased emphasis placed on "leading" rather than "managing" within the Ffordd Gwynedd culture is another firm indication of the great strides being made with Cabinet members taking a leading role in promoting good leadership by committing to their development as leaders.
- The definition of leadership within Cyngor Gwynedd was agreed upon and that definition is reflected in revised job descriptions for each headteacher and manager in the Council. The commitment at a political and operational level demonstrates that these positive actions have come to fruition and that the need and ability to lead is taking root as the norm within the Council.
- The re-establishment of the Management Network, with the emphasis on developing leadership skills, is another key step in the shift in emphasis from a "management" to "leadership" culture within the Council while the Managerial Review and revised job descriptions have also contributed to clarity around the expectation of leadership. In light of all this, this work is seen as remaining key but recognising that it is not as much of a risk as it has been in the past.
- To reflect that, this work has been incorporated within the Ffordd Gwynedd Plan's programme of work rather than standing as a stand-alone project although a specific project continues to have a high improvement priority in relation to Women in Leadership within the Council. The Council recognises that the number of women performing a managerial function within the Council is disproportionate with the ratio of the whole workforce and therefore seeks to boost the number of women applying and reaching senior positions within the Council.
- The Corporate Management Team is committed to its development, with each team member having completed a personal profile and also attending an initial workshop as an activity to strengthen the team for the future.

Current Risk Score:

Impact	Likelihood	Risk score
4	2	**8**

Risk Management

Risk: Weaknesses in our risk management arrangements that increase the threat of something going wrong or failure to take an opportunity to improve

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- There are strong arrangements for monitoring our compliance with certain types of operational risks.
- Each risk is the Corporate Risk Register has been considered from the perspective of the risk to the people of Gwynedd, not from the Council's introverted point of view.
- A new Corporate Risk Register was launched on 6 March 2021. The new system has proven to be a convenient facility for users in every department as they consider their priorities and identify what needs to be done, and to assist members in challenging performance and ensuring that the expected action has been taken.
- Lessons have been learnt from the Covid-19 pandemic which have been valuable in subsequent crises, e.g. the war in Ukraine.

Current Risk Score:

Impact	Likelihood	Risk score
5	2	**10**

Performance

Risk: Weaknesses in our performance management arrangements mean that we cannot take appropriate steps to achieve our purpose

Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council's Performance Management system focusses on ensuring that business units achieve their purpose and this is done by continuously reviewing if we are measuring the right things.
- Regular meetings take place with Cabinet Members and managers to assess the latest performance, with members of the relevant Scrutiny Committee also present to challenge. Regular performance reports are submitted by Cabinet members on their areas of responsibility to Cabinet meetings. Clear arrangements have been put in place for 2023/24.
- The Auditor General also observes our performance in different areas by publishing various reports and the Governance and Audit Committee takes an overview that any recommendations receive attention.
- The new Corporate Complaints Procedure continues to work well. The Services Improvement Officer ensures that we learn lessons from any complaints, and try to avoid repeating mistakes.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Internal Control

Risk: Unsuitable internal control arrangements which means that we either do not protect ourselves from risks, or waste resources on over-control

Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Audit Manager's annual report confirms that the Council's internal controls can be relied upon.
- Reviewing and adapting internal controls so that they are proportionate to what is necessary is central to the goal of placing the people of Gwynedd at the centre of to everything we do, by removing overly bureaucratic tasks. The removal of barriers is part of everyone's work, leading to a suitable level of internal control.
- The efficiency of the Internal Audit system is under continuous review and self-assessment indicates that the service satisfies professional standards in accordance with expectation.
- Gwynedd Council's Governance and Audit Committee has an agreed terms of reference. There is evidence that the Governance and Audit Committee is very effective in delivering its functions.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Information

Risk: Failure to maximise the potential of information in supporting Council business and failure to meet statutory requirements

Assessment:

We have assessed that this is currently a **High** risk, because:

- The 2021-2026 Information Plan includes a number of schemes for addressing the information management and data use risks. Sixteen of the 45 projects within the scheme have already been completed with the rest in progress.

Current Risk Score:

Impact	Likelihood	Risk score
4	3	**12**

Finance

Risk: Weaknesses when controlling public finance

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- The Council has effective financial planning and management arrangements, including internal accountants and auditors, led by the chief finance officer.
- Internal auditors have a focus on effective arrangements and controls in financial systems, while the accountants work closely with the departments and encourage management ownership of their systems, performance, and financial propriety.
- The review of expenditure against budgets, and monitoring that savings have been achieved by all Council departments, ensures that services operate efficiently.

Current Risk Score:

Impact	Likelihood	Risk score
5	2	**10**

Accountability

Risk: Poor reporting, without transparency and unsuitable for the audience

Assessment:

We have assessed that this is currently a **Low** risk, because:

- The Council has provided guidelines on preparing reports and on making good decisions, in order to ensure that the reports available to the public are clear.
- As well as formal reports for making decisions, the reports produced also include the Annual Performance Report, the Council's Plan (which includes departmental business plans) and the Annual Governance Statement produced in accordance with the CIPFA/Solace framework.
- The Council produces regular reports on its financial position.
- Monitoring of Cabinet reports will continue naturally with the Chief Executive taking a look at each one.

Current Risk Score:

Impact	Likelihood	Risk score
2	2	**4**

Assurance

Risk: Lack of assurance and accountability that raises suspicion amongst the public regarding what the Council is doing

Assessment:

We have assessed that this is currently a **Medium** risk, because:

- There are many ways available within the Council to provide independent assurance that the Council's governance arrangements are working as they should. Statutory officers ensure that matters comply with the law and the procedures in the Constitution, whilst the Chief Executive and the Director continually challenge whether or not the departments are doing the right things. Cabinet members also meet often to challenge each other regarding developments.
- The Governance and Audit Committee keeps an overview of the governance arrangements as well as the implementation of the external auditor's recommendations.
- Supporting this is the Internal Audit Service that operates in accordance with the statutory professional standards, namely the Public Sector Internal Audit Standards.
- However, formally it is the scrutiny procedure that should continue to hold the Cabinet to account. There is transparent and objective scrutiny and challenging of decisions and policies; however, there is uncertainty regarding how effective this is.

Current Risk Score:

Impact	Likelihood	Risk score
2	3	**6**

Health, Safety and Well-being

Risk: Inadequate arrangements and action by Council Services to manage health and safety risks effectively

Assessment:

We have assessed that this is currently a **High** risk, because:

- A detailed programme of work has been prepared starting with competencies and training on those competencies for Council leaders.
- All Cabinet members have received training, and a series of sessions for elected members have been held. A training session for Council Management Team has taken place on 13 February 2023.
- Work is underway to take a closer look at core / mandatory training and the governance process the Council has in place to ensure staff attend essential training.

Current Risk Score:

Impact	Likelihood	Risk Score
4	4	**16**

Customer Contact

Risk: Lack of timely response to queries

Assessment:

We have assessed that this is currently **High** risk, because:

- Detailed analysis completed and presented to Members in October 2022 with a programme of work identified and the risk added to the corporate governance risks.
- Calls related to planning matters are received directly by the Planning Service since the 1 April 2023 and a short training module has been trialled for all staff who deal with enquiries.

Current Risk Score:

Impact	Likelihood	Risk Score
3	4	**12**

We have been advised on the implications of the result of **the review of the effectiveness of the governance framework** by the Governance and Audit Committee, and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas that have already been addressed and those which the Council will address specifically have new ongoing action plans and are outlined below.

Part 4: SIGNIFICANT GOVERNANCE ISSUES

4.1 The above scores indicate that none of the 24 areas of governance presents a very high risk. There are 4 high risk and 11 medium risks.

4.2 Actions for the areas that are a high or medium risk are noted below.

HIGH RISKS

Governance Area	Response Arrangements	Department Responsible
The Council's Culture	A Lead Group (with the entire Corporate Management Team as members) has been formed and met for the first time in June 2023. The Group will retain an overview of the implementation of the Work Programme and provide guidance on embedding the culture within the Council. An annual report will be submitted to Cabinet on the progress of the work into the future with the content partly based on self-assessments carried out by each Department. A dedicated officer has been identified for driving each of the nine work streams within the Five Year Plan.	Corporate Support
Information	Continue with the action plan contained in the Information Plan.	Corporate Support
Customer Contact	A draft plan for Working for the Future will be provided for adoption during October 2023 along with changes to online self-service back office arrangements that will allow officers to identify operations directly on the accounts of enquirers. The Council's new Digital Plan to include a bid for funding to fund a stick system integrated with *Microsoft Teams.*	Leadership Team and Legal
Health, Safety and Well-being	A detailed work programme has been prepared.	Corporate Support

MEDIUM RISKS

Governance Area	Response Arrangements	Department Responsible
Stakeholders	There are ongoing efforts in various areas to try to simplify a complex working relationship. However it must be acknowledged that there is only so much that can be done and there is room to question that the solution now is to try to find ways to work around the legislative barriers that have been set by the Government. We are already doing so quite successfully.	Leadership Team and Legal
Engagement	During 2023/24, we will: • continue to develop and strengthen engagement across the Council; • continue to highlight the opportunities and support individual services to proactively engage with the people of Gwynedd; • continue to develop our arrangements for ensuring that we engage effectively with groups that we as a Council are struggling to reach; • complete work on an engagement project that is part of the Council's Equality Plan.	Corporate Support
Direction and vision	The risk is accepted at its present level.	Corporate Support
Sustainability	We will look at our planning arrangements (including the Council's Plan, Annual Performance Reports and the corporate self-assessment that needs to be undertaken) to try to ensure that we have more regard to the principles of the Act while also reporting on progress. We will consider how awareness of the principles can be raised by relating them to the operating principles of Ffordd Gwynedd.	Corporate Support
Reviewing Outcomes	The risk is accepted at its present level.	Leadership Team and Legal
Information Technology Assets	The Council's Digital Plan 2023-28 to be approved during 2023/24 (Cabinet November 2023).	Finance

Governance Area	Response Arrangements	Department Responsible
Planning the Workforce	To lay the foundation for long-term plans, we will commission a piece of research that will give the Council long-term direction on its staffing needs, looking at the type of skills and jobs we will need in a few years' time. This work will lead to a long-term staff attraction and development scheme.	Corporate Support
Leadership	A specific Potential Development Programme has been developed for women as part of the Women in Leadership Project. A Mentoring Scheme women girls has also been approved and specific training for the first cohort of "mentors" has been undertaken. We will continue to hold "break-time talks" for leaders and potential leaders across the Council and also for female councillors in the new Council. We will also develop the leadership behaviours expected of managers generally primarily through a combination of training relating to the "way of working" and by challenging the behaviours as part of the ongoing evaluation being promoted as part of establishing the culture. We will continure to experiment with an alternative approach to the management network sessions by establishing groups of 12 managers who will be able to host and support each other.	Corporate Support
Risk Management	Work still needs to be done to ensure that all Council departments maintain the routine of recording their main risks and reviewing them regularly. The Insurance and Risk Service will support all departments to ensure that the use of the Corporate Risk Register is consistent across the Council, and that risks are continually updated. The procedure of considering the inclusion of risk registers in monitoring the performance of departments will develop further. The Risk Register to be regularly submitted to the Governance Group to carry out quality checks, before regularly submitting information to the Governance and Audit Committee.	Finance

Governance Area	Response Arrangements	Department Responsible
Finance	After a long period of discovering and delivering savings, over £35m in the period since 2015/16, the plans are now so much harder to realise with efficiency projects far more work than cutting services. A series of new savings worth £6.4m, largely to be realised over the next 2 years, were approved by Cabinet in February 2023.	Finance
Assurance	The Scrutiny Team will continue to work closely through the Scrutiny Forum with the Chairs to take forward the scrutiny programmes over the coming year.	Corporate Support

Part 5: OPINION

We are of the opinion that the governance arrangements decribed above offer assurance that our governance arrangements work well overall. Howwever, we intend to take measures to deal with the matters noted in Part 4 above during next year in order to improve our governance arrangements. We are satisfied that these measures will deal with the need to improve as identified in the effectiveness review, and we will monitor their operation as part of the next annual review.

DAFYDD GIBBARD
CHIEF EXECUTIVE, GWYNEDD COUNCIL

DATE: 04 December 2023

Cllr. DYFRIG SIENCYN
LEADER, GWYNEDD COUNCIL

DATE: 04 December 2023

Proposed Audit Report

The report of the Auditor General for Wales to the members of Cyngor Gwynedd

Opinion on financial statements

I have audited the financial statements of Cyngor Gwynedd for the year ended 2022-23 under the Public Audit (Wales) Act 2004.

Cyngor Gwynedd financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

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

- give a true and fair view of the financial position of Cyngor Gwynedd as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

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

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

Conclusions relating to going concern

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

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

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

Other Information

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

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

work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- enquiring of management, the Cyngor Gwynedd Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cyngor Gwynedd policies and procedures concerned with:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

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

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

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

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

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
22 January 2024

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of Cyngor Gwynedd's website is the responsibility of the Head of Corporate Support; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Glossary

Actuarial Gains and Losses – For a defined benefit pension scheme, the changes in actuarial surpluses 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.

Amortisation – The gradual elimination of a liability, such as a loan, with regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.

Asset – Items of worth that are measurable in terms of value.

- A current asset will be consumed or will cease to have material value within the next financial year.
- A non-current asset provides benefit to the Council and to the services it provides for a period of more than one year.

Balances (or Reserves) – These represent accumulated funds available to the Council. Some balances (reserve) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities.

Capital Adjustment Account – A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

Capital Expenditure – Expenditure on the procurement of a non-current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, value of an existing non-current asset.

Capital Financing – Funds obtained 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 Receipt – Income received from the sale of land or other capital assets.

CIPFA (Chartered Institute of Public Finance and Accounting) – The professional institute for accountants working in the public sector.

Community Assets – These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples are parks and historical buildings.

Creditors – Amounts owed by the Council for work done, goods received or services rendered, for which payments have not been made by the end of that accounting period.

Current Service Cost – The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Debtors – Amount owed to the Council for work done, goods received or service rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined Benefit Scheme – A pension or other retirement benefit scheme other than a defined contribution scheme.

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

Depreciated Replacement Cost (DRC) – A method of valuation that provides a proxy for the market value of specialist assets.

Depreciation – A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

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

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

Financial Instruments – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund – This is the main revenue fund of the Council and it includes the net cost of all services financed by local taxpayers and Government grants.

Heritage Assets – An asset with Historical, Artistic, Scientific, Technological, Geophysical or Environmental qualities that is held and maintained principally for its contributions to knowledge and culture.

Impairment – A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

Intangible Asset – An intangible asset is an identifiable non-monetary asset without physical substance. An example includes computer software.

International Financial Reporting Standards (IFRS) – A suite of accounting standards used across the world. They must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories – Amounts of unused or unconsumed stocks held in expectation of future use. They are categorised as goods or other assets purchased for resale, consumable stores, raw materials and Components, Products and Services in intermediate stages of completion and finished goods.

Investment Property – Property that is held solely to earn rentals or for capital appreciation, or both.

Liability – Amounts due to individuals or organisations which will have to be paid at some time in the future.

Minimum Revenue Provision (MRP) – This is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities.

Net Book Value – The amounts in which fixed assets are included in the Balance Sheet, i.e their historical cost or current value, less the cumulative amount provided for depreciation.

Operating Lease – A type of lease, usually on computer equipment, office equipment, furniture etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

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

Private Finance Initiative (PFI) – A central government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.

Provision – A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

Related Parties – Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

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