

# **STATEMENT OF ACCOUNTS 2022/23**

# **Denbighshire County Council**

## **Statement of Accounts**

**2022/23**

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## **Introduction**

Denbighshire County Council is a Welsh unitary authority with a population of around 96,000. The County of Denbighshire covers an area that runs from the North Wales coastal resorts of Rhyl and Prestatyn down through the Vale of Clwyd, south as far as Corwen and the popular tourist town of Llangollen. Along the way, it takes in the historic towns of Rhuddlan, Denbigh and Ruthin, each with its own castle, and the tiny cathedral city of St. Asaph. There are 48 councillors elected to represent the various wards of the county. The Council employs around 4,417 staff.

The County Council was formed in April 1996 and is responsible for a wide range of services including schools, social care, highways, collection and disposal of waste, planning, economic development, tourism, libraries, leisure centres and lots more besides.

At the end of each year, the Council must produce a Statement of Accounts that complies with legislation and demonstrates what the Council spent its money on. The Narrative Report provides insight into the Council's funding and expenditure during the year, the key financial pressures and a look to future years.

Should you have any queries on the accounts please contact the Chief Financial Officer, Denbighshire County Council, PO Box 62, Ruthin, LL15 9AZ. In addition, you have a legal right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on Denbighshire County Council's website.

## **The Statement of Accounts**

The Council produces the annual Statement of Accounts each year in line with legal requirements, the Chartered Institute of Public Finance and Accountancy and the Code of Practice on Local Authority Accounting (the Code) in the United Kingdom with the following aims:

- Complying with legal and professional requirements.
- Providing service users, electors, business ratepayers, local tax payers, Councillors and other interested parties with information about the Council's finances.
- Demonstrating stewardship of public money.

Both the Comprehensive Income & Expenditure Statement and the Expenditure and Funding Analysis include a segmental analysis based on how the Council is structured, operates, monitors and manages financial performance.

The Statement of Accounts contains the following sections:

## **Section 1 - Narrative Report**

The Narrative Report by the Chief Financial Officer provides a summary of the financial activities of the Council during the year and at year-end.

## **Section 2 - Statement of Responsibilities**

This outlines the duties of the Chief Financial Officer in preparing the accounts, and the Council's responsibilities to adhere to the relevant requirements.

## **Section 3 - Main Financial Statements and Notes to the Accounts**

The 2022 Code requires that local authority accounts comply with International Financial Reporting Standards (IFRS). The main financial statements comprise:

### **Expenditure and Funding Analysis**

This shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

### **Comprehensive Income and Expenditure Statement**

This account is a summary of the money generated and spent in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of assets actually consumed during the year. It also shows the projected value of retirement benefits earned by employees during the year.

### **Movement in Reserves Statement**

This shows the adjustments to the Comprehensive Income and Expenditure Statement for statutory accounting requirements, to align it with the accounting basis by which the Council Tax level for the year was set.

### **Balance Sheet**

The Balance Sheet shows a snapshot of the Council's financial position as at 31 March 2023. It sets out the value of items it owns (assets) and the value of what it owes to others (liabilities). It incorporates all the Council's funds, both capital and revenue.

### **Cash Flow Statement**

This summarises the Council's cash and cash equivalent transactions over the year, showing actual cash received and cash spent, and the changes in the Council's cash position. The statement is presented using the indirect method.

### **Notes to the Accounts**

Explanatory notes are provided after both the main and supplementary financial statements. The notes give additional information to aid the understanding of the accounts.

## **Section 4 - Supplementary Financial Statements and Notes**

### **Housing Revenue Account (HRA)**

Councils are required to account separately for the cost of the council housing service by way of

a HRA Income and Expenditure Statement and a Statement of Movement on the HRA balance. This account shows where money is spent in maintaining and managing council houses and how these costs are met from rents and other income.

The Statement of Movement on HRA Balances brings together all of the movements in HRA reserves.

### **Section 5 - Group Accounts**

Group Accounts combine the Council's own financial statements with its material interests in subsidiaries, associates and/or joint ventures. Group Accounts have been prepared to include Denbighshire Leisure Limited, which became operational in April 2020.

### **Section 6 - Independent Auditor's Report**

The accounts are subject to an independent external audit by an auditor appointed by the Auditor General for Wales and their report is included in this section.

### **Section 7 - Annual Governance Statement**

This outlines the Council's approach to ensuring that it maintains an effective system of corporate governance and internal control.

### **Section 8 - Glossary**

This contains a list of some of the definitions adopted for the purpose of accounts completed under International Financial Reporting Standards.

## **Section 1 - Narrative Report**

### **1.1 Review of the Year - Revenue Expenditure**

The Council sets a revenue budget each year. This is a budget for services it will provide in the year and that will be paid for by service users, Welsh Government Grants and Council Tax & Business Rate payers. For 2022/23, this gross expenditure budget was £331.5m.

The 2022/23 budget required service savings and efficiencies of £0.754m to be identified and agreed as detailed below:

- Fees and Charges inflated in line with agreed policy (£0.120m)
- Operational efficiencies (£0.634m) mostly identified by services throughout the year and within Head of Service delegated responsibility in consultation with Lead Members
- No savings were requested from Community Support Services or Schools.

The operational savings and fees and charges increases are assumed to have been achieved.

The Council has identified budget savings of £8.172m for the 2023/24 financial year and projections for future years, although uncertain, show a need to continue to identify significant annual savings as inflation continues to outpace increases in funding.

By the end of the year the final position on service and corporate budgets was a net underspend £1.585m (1% of the net revenue budget for those areas). Taking account of schools, the variance on the total budget was an overspend of £5.114m (2.2% of net revenue budget). The net overspend figure includes £3.509m overspend within schools which is carried forward separately. After taking account of a very small shortfall in Council tax Collection of £0.019m the overall position required the use of £1.604m of unearmarked reserves in order to fund the net overspend position.

Although school balances have decreased this financial year, they still remain at historically high levels. However it is likely that schools will face significant financial challenges in 2023/24 and 2024/25 and these balances are expected to fall further in those years.

As proposed in the autumn, given the overall position within services and the availability of corporate funds, it was agreed that services did not carry forward any under spends to help deliver the overall budget strategy and help fund other service overspends.

Although the financial outlook looks very challenging, the Council has a robust Budget Process in place which will help identify and quantify the pressures and identify methods of funding which will help maintain the Council's financial health going forward.

## **Balances, Provisions and Reserves**

The net increase in earmarked reserves within the accounts is £3.4m (see Note 20 for details). The movement includes the schools' balances and the budgeted and planned use of reserves for purposes such as funding the Capital Plan, the current Corporate Plan and budget mitigation in future years.

The Council's general balances now stand at £5.5m. The Council must make sure it keeps enough money in these balances so it can be sure it is able to deal with any unexpected problems it faces.

## **How we report our Budget**

Each month a budget report is given to the Council's Cabinet (a group of Councillors who make many of the decisions on behalf of the Council), which explains how services are spending their money compared to their budget. At the end of the year, a final report (known as the outturn) shows the year-end position.

However, the Council must produce its Statement of Accounts in a way that meets UK and international financial reporting requirements. These requirements are highly complex and technical in nature. This means that a number of accounting adjustments are required to its normal budget reports to ensure the Council can produce its accounts. The following table shows the final position that was reported to Councillors. Within the Notes to the Accounts is an explanation of the adjustments made between the final reported revenue position and the amounts reported in the Comprehensive Income & Expenditure Statement.

Further details on services' financial performance can be found in the Final Outturn Report which was presented to Cabinet on the 23 May 2023.

[Denbighshire County Council - Cabinet on Tuesday, 23 May 2023, 10:00 am](#)

The table below shows the final revenue position which was presented at this meeting:

|                                                       | <b>Final Revenue<br/>Outturn Report<br/>£000</b> |
|-------------------------------------------------------|--------------------------------------------------|
| <b>Service and Corporate Budgets</b>                  |                                                  |
| Business Improvement & Modernisation                  | 4,972                                            |
| Legal, HR & Democratic Services                       | 2,270                                            |
| Leisure - ADM                                         | 3,659                                            |
| Highways, Facilities & Environmental Services         | 18,562                                           |
| Planning & Public Protection                          | 11,872                                           |
| Community Support Services                            | 46,069                                           |
| Finance & Property                                    | 5,085                                            |
| Education & Children's Service                        | 21,904                                           |
| Communities & Customers                               | 3,395                                            |
| Schools                                               | 85,682                                           |
| Corporate                                             | 15,495                                           |
| <b>Total Service and Corporate Budgets</b>            | <b>218,965</b>                                   |
| <b>Other</b>                                          |                                                  |
| Capital Finance / Investment Interest                 | 14,444                                           |
| Levies                                                | 5,381                                            |
| <b>Total Expenditure (excludes HRA)</b>               | <b>238,791</b>                                   |
| Less Budgeted Funding                                 |                                                  |
| <b>Outturn Relating to Service and School Budgets</b> | <b>238,791</b>                                   |
| Additional Funding Received                           | <b>(233,677)</b>                                 |
| <b>Final Outturn</b>                                  | <b>5,114</b>                                     |
| <b>Allocated as follows:</b>                          |                                                  |
| School Balances                                       | 3,509                                            |
| Use of General Unearmarked Balances                   | 1,604                                            |
| <b>Total</b>                                          | <b>5,114</b>                                     |

## **1.2 Review of the Year - Capital Expenditure**

Each year the Council spends money on items that will be in existence for a long time such as land, buildings, roads, vehicles and equipment. These items are called assets and the Council will use them to deliver services for years to come. Expenditure on these assets is called capital expenditure.

The following table shows how much the Council spent on its assets per service block in 2022/23 and how the expenditure was funded:

| <b>Expenditure</b>                                   | <b>£000</b>   |
|------------------------------------------------------|---------------|
| Legal, HR & Democratic Services                      | 23            |
| Finance and Property                                 | 8,264         |
| Highways, Facilities & Environmental Services        | 19,334        |
| Planning, Public Protection and Countryside Services | 4,251         |
| Community Support Services                           | 242           |
| Business Improvement & Modernisation                 | 227           |
| Education and Children's Services                    | 8,488         |
| Housing Revenue Account                              | 20,474        |
| <b>Total</b>                                         | <b>61,303</b> |
| <b>Funding</b>                                       |               |
| Grants & Contributions                               | 27,367        |
| Supported Borrowing                                  | 8,217         |
| Prudential Borrowing                                 | 21,412        |
| Capital Receipts                                     | 340           |
| Capital Expenditure charged against revenue          | 3,967         |
| <b>Total</b>                                         | <b>61,303</b> |

Expenditure on major projects undertaken during the year includes:

| Area        | Project Description                                         | 2022/23<br>£000 |
|-------------|-------------------------------------------------------------|-----------------|
| Rhyl        | Integrated Transport Scheme                                 | 365             |
| Rhuddlan    | Active Travel Scheme                                        | 222             |
| Clwyd South | UK Government Levelling Up Schemes                          | 430             |
| Llangollen  | Riverside Park Mini golf                                    | 226             |
| Countywide  | Universal Primary Free School Meals                         | 970             |
| Rhyl        | Oaktree Integrated Childcare Centre                         | 447             |
| Prestatyn   | Ysgol Penmorfa. Extension to Flying Start Childcare Project | 375             |
| Denbigh     | 21st Century Schools Band B. Ysgol Plas Brondyffryn         | 828             |
| Rhyl        | Rhyl Youth Centre                                           | 219             |
| Countywide  | Learners With Additional Learning Needs Projects            | 440             |
| Countywide  | Reduction in Carbon Emissions from County Assets            | 409             |
| Rhyl        | Energy Efficiency at Pavilion Theatre                       | 577             |
| Countywide  | Corporate Fleet Electric Vehicle Charging Infrastructure    | 286             |
| Rhyl        | Queen's Buildings Redevelopment                             | 4,026           |
| Rhyl        | West Rhyl Area Regeneration                                 | 913             |
| Rhyl        | Coastal Defence Schemes - Design & Construction             | 2,403           |
| Prestatyn   | Coastal Defence Scheme - Design & Construction              | 970             |
| Countywide  | Ultra Low Emission Vehicles                                 | 596             |
| Rhyl        | Botanical Gardens Depot Accommodation                       | 819             |
| Countywide  | New Waste and Recycling Service                             | 4,844           |
| Countywide  | Council Housing: Major Improvements/Acquisitions            | 17,415          |

## 1 **Other Issues**

### **Pensions**

Denbighshire County Council is a member of the Clwyd Pension Fund.

International accounting standards require that councils account for the cost of pension entitlements earned in the year, rather than the cost of the contributions paid to the pension fund. The pension fund has to work out how much money it would owe if all of the individual members became entitled to immediate payment of their pension. It then has to work out how much money it has in investments. Returns on investments are impacted by the wider national and international economic environment and taken with the fact that people are generally living longer, the pension fund has less in investments than the theoretical amount it would have to pay out. This is known as a deficit. Although it is highly unlikely that the Council would ever have to pay out this money, it must show this deficit in its accounts. The Pension Fund is subject to a triennial valuation and the estimates contained in the accounts are based on the latest full valuation of the scheme as at 31 March 2022. The notes in the accounts show further details.

### **Housing Stock Business Plan**

The Council owns 3,306 council dwellings - known as the housing stock. Since 2005 the Council has invested significantly in improving its housing stock and achieved the Welsh Housing Quality Standard in 2014. Part of this investment has been funded through borrowing and the Council has a detailed 30-year Housing Stock Business Plan, which helps to ensure that the investment in the Council's houses remains affordable and sustainable in the long term. The Housing Stock Business Plan is regularly reviewed and formally approved by the Council's Cabinet every year. The latest Housing Stock Business Plan allows for investment of £18.8m in new stock and £34.6m in planned improvements over the next four years.

### **Borrowing & Investments**

The Council's strategy in 2022/23 has continued to be one of keeping borrowing and investment balances as low as possible through use of temporary cash surpluses ensuring a sufficient level of cash is maintained. Investment balances are continually monitored with the aim of maintaining sufficient levels to meet the Council's cash flow requirements. The Council's treasury position is reported to the Governance and Audit Committee throughout the year. The Council's outstanding debt at 31 March 2023 was £261.5m, investment balances were £19.3m and a further £4.9m was held in an instantly accessible bank account.

### **Statutory Functions**

There were no significant changes to the Council's statutory functions during 2022/23.

### **North Wales Economic Ambition Board**

As a member of the North Wales Economic Ambition Board (NWEAB) the Council is required to show its share (12.5%) of the Joint Committee's balances, income and expenditure in the Council's Balance Sheet and CI&ES. The Council's share of the balances included in the 2022/23 Financial Statements is (£270k), (£48k) in 2021/22. communities.

Further detail on the NWEAB Statement of Accounts can be found here:

[North Wales Economic Ambition Board](#)

**Clwydian Range and Dee Valley Area of Outstanding Natural Beauty JC**

As a member of the Clwydian Range and Dee Valley AONB the Council is required to show its share (80%) of the Joint Committee's balances, income and expenditure in the Council's Balance Sheet and CI&ES. The Council's share of the balances as at 31 March 2023 is (£754k), (£337k) in 2021/22. Further detail on the AONB Statement of Accounts can be found here:

[Clwydian Range and Dee Valley Area of Outstanding Natural Beauty JC](#)

**The Corporate Plan and Performance Review**

During the summer of 2021, residents in the county were asked about their long-term aspirations for their communities. We did this through our 'County Conversation' approach, a series of workshop discussions held with residents across the six areas of Denbighshire (Rhyl, Prestatyn, Elwy, Denbigh, Ruthin and the Dee Valley), and an online survey (with hard copies available in all libraries and One Stop Shops). We also met with each of our secondary school councils. All the feedback that we received informed a larger Assessment of Local Well-being (external website), produced with our partners on the Public Services Board (external website). This has helped us to understand the current state of Well-being in our county and to identify necessary interventions to benefit future generations.

Having drafted a long-list of pledges for our Corporate Plan, we initiated a second phase of our County Conversation between January and March 2022, inviting feedback on the themes identified from the initial engagement and the Well-being Assessment. Feedback was also sought from colleagues from other organisations, including Health, North Wales Fire and Rescue, Natural Resources Wales and the third sector. During the spring further workshops were held for Denbighshire County Council staff on an individual theme basis to start to plan the actions that we would deliver.

Following the election of the Council in May and further planning sessions with the new Cabinet and the Senior Leadership Team, a final phase of public engagement and meetings with political groups was held at the end of the Summer, 2022, to 'sense-check' our final pledges prior to their adoption by the Council in October.

Our Corporate Plan sets out what we want to achieve for the people and communities of Denbighshire over the next 5 years (2022 to 2027). To deliver the "Denbighshire We Want" we aim to deliver the following:

1. A Denbighshire of quality housing that meets people's needs
2. A prosperous Denbighshire
3. A healthier and happier, caring Denbighshire
4. A learning and growing Denbighshire

5. A better connected Denbighshire
6. A greener Denbighshire
7. A fairer, safe, and more equal Denbighshire
8. A Denbighshire of vibrant culture and thriving Welsh language
9. A well-run, high performing Council

Further details can be found on the Denbighshire County Council Website:

[Corporate Plan 2022 to 2027: The Denbighshire We Want](#)

This Corporate Plan is ambitious and will need a large amount of financial resources to succeed in full. However, it should be noted that most of the activities identified have already started, and will therefore have resources identified in order to help them be achieved. Examples of large commitments include the investment in our highways, flooding schemes, school buildings, and our Climate and Ecological Change Strategy.

Since the last Corporate Plan a robust budget process has been established, which along with a new approach to managing our capital spend will ensure that services can put forward requests for further funding as part of the annual budget process. This will help prevent funds being allocated before need, and help with prioritisation across the council.

It should also be noted, however, that the council is entering a very uncertain financial environment due to inflationary and demand pressures far exceeding the projected level of funding. This may impact the availability of funding. The proposed strategy will allow the council to identify resources as and when the need arises and within available funding restrictions.

The full Annual Performance Review 2022 to 2023 was presented to the Governance and Audit Committee on 14 June.

[Governance and Audit Committee - Wednesday, 14 June 2023, 9:30 am](#)

### **Local Authority Trading Company**

In May 2019, Denbighshire County Council approved a Business Case for the establishment of the Local Authority Trading Company known as Denbighshire Leisure Ltd (DLL). At subsequent Council meetings in July and October respectively, the draft Articles of Association and Members Agreement were approved, as was the composition of the Board of the Company and the appointment of a number of Directors. The company was incorporated under the Companies Act 2006 on 28th August 2019.

In December 2019 Cabinet approved the lease of sixteen properties from 1 April 2020. The new company is wholly owned by the council. The Council continues to work closely with the company to work through the financial challenges posed by

the current economic circumstances.

As a wholly owned company it is a requirement to produce group accounts which are detailed in the Group Accounts sections.

### **Asset Valuations**

The Council normally values its property asset portfolio every five years on a rolling basis, in line with CIPFA's Code (the Code). However, the Code also requires Council's to verify that there have been no material movements in the value of assets in the period between formal valuations. Given recent inflationary pressures, assets valued under the depreciated replacement cost method would likely be subject to material increases in value during 2022-23. As a result, the Council has undertaken an exercise to uplift the value of affected assets at 31st March 2023 using appropriate industry indices obtained from the Building Cost Information Service.

In addition, the continued rise in local house prices during 2022-23 suggests the value of the Council's housing stock may also have increased since it's most recent full revaluation on 1st April 2021. The Council has therefore undertaken an exercise to uplift the value of its housing stock at 31st March 2023 using an appropriate inflation figure based on data from the Land Registry.

The Council has made a prior period adjustment in respect of an asset disposed of in 2020/21 but not removed from the asset register until 2022/23. Due to the material value of the asset, the balance sheet at 1 April 2021 has been restated accordingly. While this correction affects multiple statements and notes in the accounts (as detailed in note 40) it does not materially affect the Council's overall financial performance.

### **Looking Ahead**

It is likely that local government funding settlements will fail to keep pace with inflationary pressures which results in a real terms reduction in funding. Whilst there is uncertainty about the precise levels of reduction each year, it is inevitable that some hard decisions will have to be taken to ensure the Council lives within its means and continues to deliver its priorities.

The indicative settlement for 2024/25 of 3% falls well short of the scale of demand and inflationary pressures that we are facing. Indeed the Council has never experienced a prolonged period of very high inflation and a return to below inflation settlements - this is what we facing in 2024/25.

In order to meet this challenge a Medium Term Financial Strategy was presented to Cabinet in April 2023:

[Denbighshire County Council, Cabinet, Tuesday, 25 April 2023, 10:00 am](#)

This document highlights the following key building blocks of how the Council will aim to bridge the current funding gap:

Service 1% Efficiencies – services will be expected to continue to deliver 1% small-scale savings which do not include gradual increments in fees and charges.

Fees and Charges – services will be expected to increase fees and charges in line with cost inflation in most cases as per the fees and charges policy.

Other Savings – these are envisaged to be large scale service changes – services are being asked to develop initial ideas which will be initially reviewed by CET for deliverability and Cabinet for political acceptability.

Reduction of areas of overspend – a request for ideas to reduce areas of overspend has also gone out to services – without keeping a tight control of spend in these areas other services will have to contribute more and more savings.

Council Tax – consideration of the level of Council Tax will need to be undertaken

Pressures – Strategic Pressures will continue to be considered when identified – however service will be expected to mitigate the impact of small pressures.

Other key aspects of the Budget Strategy for 2024/25:

Staff involvement – staff are being encouraged to engage with the processes within services – however a staff suggestion scheme will also be developed in the coming months.

Member involvement – a process of capturing the ideas of backbench and political groupings will be developed including the ensuring that detailed budgets are available for members to use in their deliberations.

CET Lead – CET will lead on driving the significant projects forward.

Communications Plan - A formal plan which details how we will engage with stakeholders has been developed and agreed by Cabinet Briefing and reviewed by the Governance and Audit Committee.

The co-operation and hard work of officers and members in preparing the budget is gratefully acknowledged.

### **Audit Opinion**

The Auditor General has issued a qualified audit opinion by way of limitation of scope relating to historical accounting entries between the Revaluation Reserve and the Capital Adjustment Account. Further work is required to establish the cumulative impact of these historical transactions. Due to the age, volume and complexity of the underlying records, this is expected to be a substantial exercise and it is not currently possible to determine when it will be concluded.

The matter is confined within unusable reserves and does not affect the total balance of unusable reserves, the Council's usable reserves, its overall financial position, service delivery, cash balances or the level of Council Tax. Further details are provided within the Independent Auditor's Report.

**Liz Thomas**

**Chief Financial Officer (Section 151 Officer)**

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## **Section 2: Statement of Responsibilities**

### **Denbighshire County Council's Responsibilities**

Denbighshire County Council is required to:

- (i) make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Denbighshire County Council, that is the Chief Financial Officer, namely the Head of Finance and Audit;
- (ii) manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the Statement of Accounts.

#### **Denbighshire County Council's Certificate**

I approve the Statement of Accounts of Denbighshire County Council.

Signed RDMStewart

Date 22/07/2026

**Chair of Governance and Audit Committee**

### **Responsibilities of the Chief Financial Officer**

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with the local authority Code.

The Chief Financial Officer has also:

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

#### **Certificate: Chief Financial Officer**

I certify that the accounts presented give a true and fair view of the financial position of Denbighshire County Council at the reporting date and its income and expenditure for the year ended 31 March 2023.

Signed EJThomas

Date 22/07/2026

**Liz Thomas**  
**Head of Finance and Audit (Section 151 Officer)**

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## Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### Note 1 Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line, and for:

- **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. Minimum Revenue Provision 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 year.

### Note 2 Net Change for the Pensions Adjustment

This column shows the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employee contributions made by the authority 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.

**Note 3 Other Differences**

This column includes other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- **For Financing and Investment Income and Expenditure** this recognises adjustments to the Council Fund for the timing differences for premiums and discounts.

\* For a split of the balance between the Council Fund and the HRA see the Movement in Reserves Statement

| 2022/23                                                                         | Final Outturn Report<br>(Management Accounts) | Technical adjustments to Management Accounts | Net Expenditure Chargeable to the Council Fund and HRA Balances | Adjustments between Funding & Accounting Basis |                                                 |                            | Total Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|---------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------|-------------------|-----------------------------------------------------------------------|
|                                                                                 |                                               |                                              |                                                                 | Adjustments for Capital Purposes (Note 1)      | Net change for the Pension Adjustments (Note 2) | Other Differences (Note 3) |                   |                                                                       |
|                                                                                 | £000                                          | £000                                         | £000                                                            | £000                                           | £000                                            | £000                       | £000              | £000                                                                  |
| Leisure - ADM                                                                   | 3,659                                         | (886)                                        | 2,773                                                           | 3                                              | 0                                               | 0                          | 3                 | 2,776                                                                 |
| Communities & Customers                                                         | 3,395                                         | 98                                           | 3,493                                                           | 329                                            | 530                                             | (20)                       | 839               | 4,332                                                                 |
| Education & Children's Services                                                 | 21,904                                        | 877                                          | 22,781                                                          | 859                                            | 1,761                                           | 158                        | 2,778             | 25,559                                                                |
| Schools                                                                         | 85,682                                        | (752)                                        | 84,930                                                          | 3,155                                          | 2,109                                           | 806                        | 6,070             | 91,000                                                                |
| Business Improvement & Modernisation                                            | 4,972                                         | (260)                                        | 4,712                                                           | 814                                            | 542                                             | (15)                       | 1,341             | 6,053                                                                 |
| Legal, HR & Democratic Services                                                 | 2,270                                         | 149                                          | 2,419                                                           | 106                                            | 443                                             | 8                          | 557               | 2,976                                                                 |
| Corporate & Miscellaneous                                                       | 15,495                                        | (401)                                        | 15,094                                                          | 2,976                                          | (1,085)                                         | (6)                        | 1,885             | 16,979                                                                |
| Finance & Property                                                              | 5,085                                         | 330                                          | 5,415                                                           | 341                                            | 766                                             | 33                         | 1,140             | 6,555                                                                 |
| Highways, Facilities & Environmental Services                                   | 18,562                                        | (6,726)                                      | 11,836                                                          | 11,680                                         | 1,941                                           | 18                         | 13,639            | 25,475                                                                |
| Planning & Public Protection                                                    | 11,872                                        | (639)                                        | 11,233                                                          | 2,454                                          | 978                                             | (29)                       | 3,403             | 14,636                                                                |
| Community Support Services                                                      | 46,069                                        | 80                                           | 46,149                                                          | 418                                            | 2,423                                           | (7)                        | 2,834             | 48,983                                                                |
| Local Authority Housing (HRA)                                                   | 0                                             | (5,619)                                      | (5,619)                                                         | 2,399                                          | 513                                             | 13                         | 2,925             | (2,694)                                                               |
| <b>Net Cost of Services</b>                                                     | <b>218,965</b>                                | <b>(13,749)</b>                              | <b>205,216</b>                                                  | <b>25,534</b>                                  | <b>10,921</b>                                   | <b>959</b>                 | <b>37,414</b>     | <b>242,630</b>                                                        |
| Other Income and Expenditure                                                    | 0                                             | (205,423)                                    | (205,423)                                                       | (36,295)                                       | 7,200                                           | (16)                       | (29,111)          | (234,534)                                                             |
| <b>(Surplus) or Deficit</b>                                                     | <b>218,965</b>                                | <b>(219,172)</b>                             | <b>(207)</b>                                                    | <b>(10,761)</b>                                | <b>18,121</b>                                   | <b>943</b>                 | <b>8,303</b>      | <b>8,096</b>                                                          |
| <b>Opening Council Fund &amp; HRA Balance</b>                                   |                                               |                                              | <b>(66,778)</b>                                                 |                                                |                                                 |                            |                   |                                                                       |
| <b>Less/Plus (Surplus) or Deficit on Council Fund &amp; HRA Balance in Year</b> |                                               |                                              | <b>(207)</b>                                                    |                                                |                                                 |                            |                   |                                                                       |
| <b>Closing Council Fund &amp; HRA Balance at 31 March</b>                       |                                               |                                              | <b>(66,985)</b>                                                 |                                                |                                                 |                            |                   |                                                                       |

| 2021/22                                                                         | Final Outturn Report<br>(Management Accounts) | Technical adjustments to Management Accounts | Net Expenditure Chargeable to the Council Fund and HRA Balances | Adjustments between Funding & Accounting Basis |                                                 |                            | Total Adjustments | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|---------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|-----------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------|-------------------|-----------------------------------------------------------------------|
|                                                                                 |                                               |                                              |                                                                 | Adjustments for Capital Purposes (Note 1)      | Net change for the Pension Adjustments (Note 2) | Other Differences (Note 3) |                   |                                                                       |
|                                                                                 | £000                                          | £000                                         | £000                                                            | £000                                           | £000                                            | £000                       | £000              | £000                                                                  |
| Leisure - ADM                                                                   | 3,404                                         | (811)                                        | 2,593                                                           | 164                                            | 0                                               | 0                          | 164               | 2,757                                                                 |
| Communities & Customers                                                         | 3,156                                         | (1,419)                                      | 1,737                                                           | 194                                            | 437                                             | 13                         | 644               | 2,381                                                                 |
| Education & Children's Services                                                 | 17,715                                        | (1,007)                                      | 16,708                                                          | (184)                                          | 1,406                                           | 72                         | 1,294             | 18,002                                                                |
| Schools                                                                         | 69,708                                        | 110                                          | 69,818                                                          | (335)                                          | 1,546                                           | 454                        | 1,665             | 71,483                                                                |
| Business Improvement & Modernisation                                            | 4,639                                         | 35                                           | 4,674                                                           | 738                                            | 437                                             | (21)                       | 1,154             | 5,828                                                                 |
| Legal, HR & Democratic Services                                                 | 2,298                                         | 114                                          | 2,412                                                           | 104                                            | 369                                             | (29)                       | 444               | 2,856                                                                 |
| Corporate & Miscellaneous                                                       | 15,028                                        | (1,031)                                      | 13,997                                                          | 1,525                                          | (404)                                           | 1                          | 1,122             | 15,119                                                                |
| Finance & Property                                                              | 4,302                                         | 440                                          | 4,742                                                           | 1,024                                          | 591                                             | (50)                       | 1,565             | 6,307                                                                 |
| Highways, Facilities & Environmental Services                                   | 16,762                                        | (1,377)                                      | 15,385                                                          | 11,001                                         | 1,536                                           | 18                         | 12,555            | 27,940                                                                |
| Planning & Public Protection                                                    | 10,041                                        | 532                                          | 10,573                                                          | 162                                            | 812                                             | (30)                       | 944               | 11,517                                                                |
| Community Support Services                                                      | 40,013                                        | (647)                                        | 39,366                                                          | 1,729                                          | 1,817                                           | (12)                       | 3,534             | 42,900                                                                |
| Local Authority Housing (HRA)                                                   |                                               | (5,177)                                      | (5,177)                                                         | (14,727)                                       | 373                                             | (22)                       | (14,376)          | (19,553)                                                              |
| <b>Net Cost of Services</b>                                                     | <b>187,066</b>                                | <b>(10,238)</b>                              | <b>176,828</b>                                                  | <b>1,395</b>                                   | <b>8,920</b>                                    | <b>394</b>                 | <b>10,709</b>     | <b>187,537</b>                                                        |
| Other Income and Expenditure                                                    |                                               | (191,989)                                    | (191,989)                                                       | (39,835)                                       | 6,757                                           | (16)                       | (33,094)          | (225,083)                                                             |
| <b>(Surplus) or Deficit</b>                                                     | <b>187,066</b>                                | <b>(202,227)</b>                             | <b>(15,161)</b>                                                 | <b>(38,440)</b>                                | <b>15,677</b>                                   | <b>378</b>                 | <b>(22,385)</b>   | <b>(37,546)</b>                                                       |
| <b>Opening Council Fund &amp; HRA Balance</b>                                   |                                               |                                              | <b>(51,617)</b>                                                 |                                                |                                                 |                            |                   |                                                                       |
| <b>Less/Plus (Surplus) or Deficit on Council Fund &amp; HRA Balance in Year</b> |                                               |                                              | <b>(15,161)</b>                                                 |                                                |                                                 |                            |                   |                                                                       |
| <b>Closing Council Fund &amp; HRA Balance at 31 March</b>                       |                                               |                                              | <b>(66,778)</b>                                                 |                                                |                                                 |                            |                   |                                                                       |

## 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 or rents. Authorities raise taxation and rents 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 the Movement in Reserves Statement.

| 2021/22                   |                      |                         |                                               | 2022/23                   |                      |                         |
|---------------------------|----------------------|-------------------------|-----------------------------------------------|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |                                               | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 5,699                     | (2,942)              | 2,757                   | Leisure - ADM                                 | 3,058                     | (282)                | 2,776                   |
| 4,116                     | (1,735)              | 2,381                   | Communities & Customers                       | 6,476                     | (2,144)              | 4,332                   |
| 39,286                    | (21,284)             | 18,002                  | Education & Children's Services               | 45,447                    | (19,888)             | 25,559                  |
| 86,987                    | (15,504)             | 71,483                  | Schools                                       | 103,282                   | (12,282)             | 91,000                  |
| 6,295                     | (467)                | 5,828                   | Business Improvement & Modernisation          | 6,269                     | (216)                | 6,053                   |
| 3,718                     | (862)                | 2,856                   | Legal, HR & Democratic Services               | 4,033                     | (1,057)              | 2,976                   |
| 42,534                    | (27,415)             | 15,119                  | Corporate & Miscellaneous                     | 42,055                    | (25,076)             | 16,979                  |
| 10,087                    | (3,780)              | 6,307                   | Finance & Property                            | 9,816                     | (3,261)              | 6,555                   |
| 40,033                    | (12,093)             | 27,940                  | Highways, Facilities & Environmental Services | 41,411                    | (15,936)             | 25,475                  |
| 24,452                    | (12,935)             | 11,517                  | Planning & Public Protection                  | 25,138                    | (10,502)             | 14,636                  |
| 81,200                    | (38,300)             | 42,900                  | Community Support Services                    | 87,928                    | (38,945)             | 48,983                  |
| (3,450)                   | (16,103)             | (19,553)                | Local Authority Housing (HRA)                 | 13,858                    | (16,552)             | (2,694)                 |
| <b>340,957</b>            | <b>(153,420)</b>     | <b>187,537</b>          | <b>Cost of Services</b>                       | <b>388,771</b>            | <b>(146,141)</b>     | <b>242,630</b>          |

| 2021/22                   |                      |                         |                                                                           | 2022/23                   |                      |                         |
|---------------------------|----------------------|-------------------------|---------------------------------------------------------------------------|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |                                                                           | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 20,400                    | (357)                | 20,043                  | Other Operating Expenditure (Note 7)                                      | 22,564                    | 14                   | 22,578                  |
| 15,932                    | (529)                | 15,403                  | Financing & Investment (Income) & Expenditure (Note 8)                    | 16,798                    | (971)                | 15,827                  |
| 0                         | (260,529)            | (260,529)               | Taxation & Non-Specific Grant Income (Note 9)                             | 0                         | (272,939)            | (272,939)               |
| <b>377,289</b>            | <b>(414,835)</b>     | <b>(37,546)</b>         | <b>(Surplus) or Deficit on Provision of Services</b>                      | <b>428,133</b>            | <b>(420,037)</b>     | <b>8,096</b>            |
|                           |                      | (109,973)               | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets |                           |                      | (75,947)                |
|                           |                      | 35,680                  | Impairment Losses on Non-current Assets Charged to Revaluation Reserve    |                           |                      | 13,715                  |
|                           |                      | (75,593)                | Remeasurement of the Net Defined Benefit Liability/(Asset)                |                           |                      | (212,122)               |
|                           |                      | <b>(149,886)</b>        | <b>Other Comprehensive (Income) &amp; Expenditure</b>                     |                           |                      | <b>(274,354)</b>        |
|                           |                      | <b>(187,432)</b>        | <b>Total Comprehensive (Income) &amp; Expenditure</b>                     |                           |                      | <b>(266,258)</b>        |

## Movement in Reserves Statement

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

| 2022/23                                                               | Note  | Revenue Reserves     |                    |                         | Capital Reserves         |                          | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|-----------------------------------------------------------------------|-------|----------------------|--------------------|-------------------------|--------------------------|--------------------------|-----------------------|-------------------|--------------------------|
|                                                                       |       | Council Fund Balance | Earmarked Reserves | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied |                       |                   |                          |
|                                                                       |       | £000                 | £000               | £000                    | £000                     | £000                     | £000                  | £000              | £000                     |
| Balance at 31 March 2022                                              |       | (8,302)              | (56,420)           | (2,056)                 | (6,957)                  | (11,098)                 | (84,833)              | (137,429)         | (222,262)                |
| * Technical adjustment                                                |       |                      |                    |                         |                          |                          | 0                     | (38)              | (38)                     |
| Balance at 1 April 2022                                               |       | (8,302)              | (56,420)           | (2,056)                 | (6,957)                  | (11,098)                 | (84,833)              | (137,467)         | (222,300)                |
| <b>Movement in reserves during 2022/23</b>                            |       |                      |                    |                         |                          |                          |                       |                   |                          |
| (Surplus) or Deficit on the Provision of Services                     | CI&ES | 13,445               |                    | (5,349)                 |                          |                          | 8,096                 |                   | 8,096                    |
| Other Comprehensive Income & Expenditure                              | CI&ES |                      |                    |                         |                          |                          | 0                     | (274,354)         | (274,354)                |
| <b>Total Comprehensive Income &amp; Expenditure</b>                   |       | <b>13,445</b>        |                    | <b>(5,349)</b>          |                          |                          | <b>8,096</b>          | <b>(274,354)</b>  | <b>(266,258)</b>         |
| Adjustments Between Accounting Basis & Funding Basis Under Regulation | 6     | (14,142)             |                    | 5,839                   | (472)                    | 3,405                    | (5,370)               | 5,370             | 0                        |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b> |       | <b>(697)</b>         |                    | <b>490</b>              | <b>(472)</b>             | <b>3,405</b>             | <b>2,726</b>          | <b>(268,984)</b>  | <b>(266,258)</b>         |
| Transfers to/from Earmarked Reserves                                  | 20    | 3,422                | (3,422)            | 0                       |                          |                          | 0                     |                   |                          |
| <b>(Increase)/Decrease in 2022/23</b>                                 |       | <b>2,725</b>         | <b>(3,422)</b>     | <b>490</b>              | <b>(472)</b>             | <b>3,405</b>             | <b>2,726</b>          | <b>(268,984)</b>  | <b>(266,258)</b>         |
| Balance at 31 March 2023                                              |       | (5,577)              | (59,842)           | (1,566)                 | (7,429)                  | (7,693)                  | (82,107)              | (406,451)         | (488,558)                |

\* Adjusment relating to previous years' opening balance of deferred capital receipt.

| 2021/22                                                               | Note  | Revenue Reserves     |                    |                         | Capital Reserves         |                          | Total Usable Reserves | Unusable Reserves | Total Authority Reserves |
|-----------------------------------------------------------------------|-------|----------------------|--------------------|-------------------------|--------------------------|--------------------------|-----------------------|-------------------|--------------------------|
|                                                                       |       | Council Fund Balance | Earmarked Reserves | Housing Revenue Account | Capital Receipts Reserve | Capital Grants Unapplied |                       |                   |                          |
|                                                                       |       | £000                 | £000               | £000                    | £000                     | £000                     | £000                  | £000              | £000                     |
| Balance at 31 March 2021                                              |       | (8,858)              | (40,003)           | (2,756)                 | (8,290)                  | (7,638)                  | (67,545)              | 33,668            | (33,877)                 |
| * Technical adjustment                                                |       |                      |                    |                         |                          |                          | 0                     | (953)             | (953)                    |
| Balance at 1 April 2021                                               |       | (8,858)              | (40,003)           | (2,756)                 | (8,290)                  | (7,638)                  | (67,545)              | 32,715            | (34,830)                 |
| <b>Movement in reserves during 2021/22</b>                            |       |                      |                    |                         |                          |                          |                       |                   |                          |
| (Surplus) or Deficit on the Provision of Services                     | CI&ES | (13,665)             |                    | (23,881)                |                          |                          | (37,546)              |                   | (37,546)                 |
| Other Comprehensive Income & Expenditure                              | CI&ES |                      |                    |                         |                          |                          | 0                     | (149,886)         | (149,886)                |
| <b>Total Comprehensive Income &amp; Expenditure</b>                   |       | <b>(13,665)</b>      |                    | <b>(23,881)</b>         |                          |                          | <b>(37,546)</b>       | <b>(149,886)</b>  | <b>(187,432)</b>         |
| Adjustments Between Accounting Basis & Funding Basis Under Regulation | 6     | (2,090)              |                    | 24,475                  | 1,333                    | (3,460)                  | 20,258                | (20,258)          | 0                        |
| <b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b> |       | <b>(15,755)</b>      |                    | <b>594</b>              | <b>1,333</b>             | <b>(3,460)</b>           | <b>(17,288)</b>       | <b>(170,144)</b>  | <b>(187,432)</b>         |
| Transfers to/from Earmarked Reserves                                  | 20    | 16,311               | (16,417)           | 106                     |                          |                          | 0                     |                   |                          |
| <b>(Increase)/Decrease in 2021/22</b>                                 |       | <b>556</b>           | <b>(16,417)</b>    | <b>700</b>              | <b>1,333</b>             | <b>(3,460)</b>           | <b>(17,288)</b>       | <b>(170,144)</b>  | <b>(187,432)</b>         |
| Balance at 31 March 2022                                              |       | (8,302)              | (56,420)           | (2,056)                 | (6,957)                  | (11,098)                 | (84,833)              | (137,429)         | (222,262)                |

\* Adjustments have been made to account for the pension liability relating to Denbighshire County Council's share of the North Wales Economic Ambition Board pension liability £110k and treatment of a deferred capital receipt (£1,063k).

**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 are usable reserves i.e. those reserves that the authority 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 includes reserves 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 Regulation'.

| <b>31/03/2022</b> |                                                   | <b>Note</b> | <b>31/03/2023</b> | <b>31/03/2023</b> |
|-------------------|---------------------------------------------------|-------------|-------------------|-------------------|
| <b>£000</b>       |                                                   |             | <b>£000</b>       | <b>£000</b>       |
| 158,745           | <i>Council Dwellings</i>                          |             | 180,827           |                   |
| 306,810           | <i>Other Land &amp; Buildings</i>                 |             | 351,788           |                   |
| 8,973             | <i>Vehicles, Plant, Furniture &amp; Equipment</i> |             | 10,897            |                   |
| 144,649           | <i>Infrastructure</i>                             |             | 147,254           |                   |
| 1,485             | <i>Community Assets</i>                           |             | 1,485             |                   |
| 22,446            | <i>Assets Under Construction</i>                  |             | 39,317            |                   |
| 3,478             | <i>Surplus Assets not Held for Sale</i>           |             | 2,913             |                   |
| 646,586           | Property, Plant & Equipment                       | 13          |                   | 734,481           |
| 20,815            | Heritage Assets                                   | 38          | 20,716            |                   |
| 6,198             | Investment Property                               | 14          | 11,852            |                   |
| 0                 | Long Term Investments                             | 17          | 0                 |                   |
| 4,299             | Long Term Debtors                                 | 17          | 3,989             |                   |
| <b>677,898</b>    | <b>Long Term Assets</b>                           |             |                   | <b>771,038</b>    |
| 24,204            | Short Term Investments                            | 17          | 19,313            |                   |
| 1,076             | Assets Held for Sale (<1yr)                       | 18          | 895               |                   |
| 1,494             | Inventories                                       |             | 1,147             |                   |
| 61,096            | Short Term Debtors                                | 15          | 62,232            |                   |
| 2,065             | Cash & Cash Equivalents                           | CFS         | 2,573             |                   |
| <b>89,935</b>     | <b>Current Assets</b>                             |             |                   | <b>86,160</b>     |
| (34,355)          | Short Term Borrowing                              | 17          | (41,397)          |                   |
| (47,164)          | Short Term Creditors                              | 19          | (34,991)          |                   |
| (162)             | Provisions                                        |             | (278)             |                   |
| (3,196)           | Provision for Accumulated Absences                |             | (4,156)           |                   |
| (4,244)           | Revenue Grants Receipts in Advance                | 31          | (3,102)           |                   |
| (7,953)           | Capital Grants Receipts in Advance                | 31          | (10,516)          |                   |
| <b>(97,074)</b>   | <b>Current Liabilities</b>                        |             |                   | <b>(94,440)</b>   |
| (3,156)           | Long Term Creditors                               | 17          | (3,111)           |                   |
| (378)             | Provisions                                        |             | (194)             |                   |
| (197,237)         | Long Term Borrowing                               | 17          | (217,170)         |                   |
| (247,726)         | Other Long Term Liabilities                       | 36          | (53,725)          |                   |
| <b>(448,497)</b>  | <b>Long Term Liabilities</b>                      |             |                   | <b>(274,200)</b>  |
| <b>222,262</b>    | <b>Net Assets</b>                                 |             |                   | <b>488,558</b>    |

| 31/03/2022<br>£000 |                                                      | Note | 31/03/2023<br>£000 | 31/03/2023<br>£000 |
|--------------------|------------------------------------------------------|------|--------------------|--------------------|
| (8,302)            | Council Fund                                         | 21   | (5,577)            |                    |
| (56,420)           | Earmarked Reserves                                   | 20   | (59,842)           |                    |
| (2,056)            | Housing Revenue Account                              | 21   | (1,566)            |                    |
| (6,957)            | Capital Receipts Reserve                             | 21   | (7,429)            |                    |
| (11,098)           | Capital Grants Unapplied                             | 21   | (7,693)            |                    |
| <b>(84,833)</b>    | <b>Usable Reserves</b>                               |      |                    | <b>(82,107)</b>    |
| (173,709)          | Revaluation Reserve                                  |      | (229,614)          |                    |
| 247,726            | Pensions Reserve                                     |      | 53,725             |                    |
| (2,057)            | Deferred Capital Receipts Reserve                    |      | (1,795)            |                    |
| (212,994)          | Capital Adjustment Account                           |      | (233,316)          |                    |
| 409                | Financial Instruments Adjustment Account             |      | 393                |                    |
| 3,196              | Short Term Accumulating Compensated Absences Account |      | 4,156              |                    |
| <b>(137,429)</b>   | <b>Unusable Reserves</b>                             | 22   |                    | <b>(406,451)</b>   |
| <b>(222,262)</b>   | <b>Total Reserves</b>                                |      |                    | <b>(488,558)</b>   |

## 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 authority 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 authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute towards 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<br>£000 |                                                                                                                                         | Note | 2022/23<br>£000 |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|
| (37,546)        | Net (Surplus) or Deficit on the Provision of Services                                                                                   |      | 8,096           |
| 4,089           | Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements                                             |      | (8,870)         |
| 4,130           | Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are investing and financing activities |      | 1,113           |
| <b>(29,327)</b> | <b>Net cash flows from Operating Activities</b>                                                                                         | 23   | <b>339</b>      |
| 31,673          | Investing Activities                                                                                                                    | 24   | 29,847          |
| (5,333)         | Financing Activities                                                                                                                    | 25   | (30,694)        |
| <b>(2,987)</b>  | <b>Net (increase) or decrease in Cash &amp; Cash Equivalents</b>                                                                        |      | <b>(508)</b>    |
| (922)           | Cash & Cash Equivalents at the beginning of the period                                                                                  |      | 2,065           |
| 2,987           | Increase/(Decrease) in Cash                                                                                                             |      | 508             |
| <b>2,065</b>    | <b>Cash &amp; Cash Equivalents at the end of the reporting period</b>                                                                   |      | <b>2,573</b>    |

|              |                                                                       |  |              |
|--------------|-----------------------------------------------------------------------|--|--------------|
| 402          | Cash held by the Council                                              |  | 338          |
| (2,837)      | Bank current accounts                                                 |  | (2,665)      |
| 4,500        | Cash held in instant call account                                     |  | 4,900        |
| <b>2,065</b> | <b>Cash &amp; Cash Equivalents at the end of the reporting period</b> |  | <b>2,573</b> |

## **Notes to the Accounts**

### **1. Accounting Standards That Have Been Issued but Not Yet Adopted**

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2023/24 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

**IFRS 16 (Leases)** - but only for those local authorities that have decided to adopt IFRS 16 in the 2023/24 financial year

**IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)** - this will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'

**IAS 1 (Presentation of Financial Statements) and IFRS Practice Statement 2** - this will be amended to give more guidance on the disclosure of accounting policies of financial statements

**IAS 12 (Income Taxes)** - this will be amended in relation to deferred tax on assets and liabilities arising from a single transaction

**IFRS 3 (Business Combinations)** - this will be amended to update a reference to the conceptual framework

It is unlikely that these will have an impact on the financial statements.

### **2. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 39, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty around the future levels of funding for local authorities. This issue, alongside the continued economic uncertainty with current high inflation and interest rates, forms an important part of the Council's continually revised financial strategy, where all known and forecasted factors are given due consideration.

The Council has set aside amounts in provisions, balances and reserves which it believes are appropriate to manage the Council's finances over the medium term. The Council has also determined that its strong track record in financial and budgetary management means that there is as yet insufficient reason to change the assumption that the assets of the Council will not be significantly impaired as a result of the need to close facilities and/or significantly reduce levels of service provision. This judgement is kept under regular review.

### **3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates. It is likely that the use of estimates when, for example, calculating accruals and service recharges will increase over the coming years due to the need to comply with the earlier statutory deadline for publishing the statements of accounts. There has not, however, been any significant increase in use of estimates in the current Statement of Accounts.

The items in the Balance Sheet at 31 March 2023 for which there is some risk of adjustment in the forthcoming financial year are as follows:

#### **Property, Plant & Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the future level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to some of the assets. If the useful life of the asset is reduced, depreciation increases and the carrying amount of the asset falls. Property, Plant & Equipment are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. Advice has been provided by the Council's valuers. If the actual results differ from the assumptions, the value of PP&E assets will be over or under-stated. This would be adjusted when the assets were next revalued.

The value of Property, Plant & Equipment disclosed on the Balance Sheet is £734,249k and further information is contained within Note 13.

#### **Minimum Revenue Provision (MRP)**

The Council amended its MRP policy for 2017/18 in relation to supported borrowing. For supported borrowing, the policy was changed to calculate MRP based on 50 years for Council Fund debt on capital expenditure incurred prior to 1 April 2017, and based on expected useful life for capital expenditure incurred after 1 April 2017. The total MRP paid in 2022/23 was £12,285k as per Note 6.

#### **Pension Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The value of the pension liability and corresponding pension reserve disclosed on the Balance Sheet is £53,725k. Detailed information is contained within Notes 22, 35 and 36.

### **Employee Benefit Accrual**

The accrual for employee benefits (annual and flexi time leave) was calculated based on a sample of employees. The balance on the Accumulated Absences Account as at 31 March 2023 was £4,156k and is detailed in Note 22.

### **Arrears**

A review of outstanding debt has been made and an allowance made for doubtful debts. Any allowance made for doubtful future debts has to be based on an estimate. The allowance made is prudent and is regularly reviewed in order to respond appropriately to any changes in the economic climate.

At 31 March 2023 the Council had a sundry debtor balance of £9,698k. A review of this balance suggested a specific bad debts provision of £945k and a general bad debts provision of £1,577k was appropriate. The Council Tax arrears were £3,896k with a bad debts provision of £2,048k. National Non-Domestic Rates arrears were £549k with a bad debts provision of £162k. Housing Benefit Overpayments had arrears of £1,014k with a bad debts provision of £507k. The figures for Housing Rents are shown in Housing Revenue Account Note 2.

### **Provisions**

The Council is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability. In calculating the level of provisions the Council also exercises judgement; they are measured at the Council's best estimate of the costs required to settle the obligation at the Balance Sheet date.

### **Reserves**

The Council Fund revenue balances are available to the County Council for general or specific purposes and represent accumulation of past surpluses on the Council Fund Revenue Account. The use of reserves helps the Council manage fluctuations in Welsh Government funding and allows the Council to save for large items of investment which reduces the need for borrowing. Reserves are reviewed on an annual basis as part of the budget setting process which includes estimated future use of those reserves.

## **4. Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 6 September 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

## 5. Expenditure and Income Analysed by Nature

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

| 2021/22<br>£000  |                                                          | 2022/23<br>£000  |
|------------------|----------------------------------------------------------|------------------|
|                  | <b>Expenditure</b>                                       |                  |
| 156,400          | Employee benefits expenses                               | 172,837          |
| 5,993            | Employee expenses of V A schools                         | 7,498            |
| 178,858          | Other services expenses                                  | 184,714          |
| 298              | Support Service Recharges                                | 299              |
| 3,259            | Depreciation, impairment & revaluation losses            | 24,632           |
| 15,932           | Interest payments                                        | 16,187           |
| 19,685           | Precepts and levies                                      | 20,592           |
| 184              | Loss on the disposal of assets                           | 1,375            |
| <b>380,609</b>   | <b>Total Expenditure</b>                                 | <b>428,133</b>   |
|                  | <b>Income</b>                                            |                  |
| (62,205)         | Fees, charges and other service income                   | (65,612)         |
| (529)            | Interest and investment income                           | (971)            |
| (104,630)        | Income from council tax and non-domestic rates           | (110,290)        |
| (250,261)        | Government grants and contributions                      | (242,884)        |
| (230)            | Non-government grants and contributions                  | (280)            |
| (300)            | Gain on the disposal of assets                           | 0                |
| <b>(418,155)</b> | <b>Total income</b>                                      | <b>(420,037)</b> |
| <b>(37,546)</b>  | <b>(Surplus) or Deficit on the Provision of Services</b> | <b>8,096</b>     |

## 6. Adjustments between Accounting Basis and Funding Basis Under Regulation

This note details the adjustments that are made to the Total Comprehensive Income & Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

### Council Fund Balance

The Council Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Council Fund Balance, which is not necessarily in accordance with proper accounting practice. The Council Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year. For housing authorities, however, the balance is not available to be applied to funding the HRA services.

## **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government & Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund expenditure in connection with the Council's landlord function.

## **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year-end.

## **Capital Grants Unapplied**

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

The presentation of the following tables has been simplified in order to aid the reader in understanding the impact on Unusable Reserves.

| Adjustments Between Accounting Basis and Funding Basis Under Regulation                                                                                                                 |                              | Usable Reserves                 |                                  |                                  |                           |                                          |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------|------------------------------------------|--|
| 2022/23                                                                                                                                                                                 | Council Fund Balance<br>£000 | Housing Revenue Account<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 | Relevant Unusable Reserve                |  |
| Adjustments to the Revenue Resources                                                                                                                                                    |                              |                                 |                                  |                                  |                           |                                          |  |
| Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year in accordance with statutory requirements: |                              |                                 |                                  |                                  |                           |                                          |  |
| • Pension Costs                                                                                                                                                                         | (17,319)                     | (802)                           |                                  |                                  | 18,121                    | Pensions Reserve                         |  |
| • Financial Instruments                                                                                                                                                                 | 16                           | 0                               |                                  |                                  | (16)                      | Financial Instruments Adjustment Account |  |
| • Holiday Pay                                                                                                                                                                           | (947)                        | (13)                            |                                  |                                  | 960                       | Accumulated Absences Account             |  |
| Reversal of entries included in the Surplus or<br>• Deficit on the Provision of Services in relation to capital expenditure                                                             | (7,854)                      | 1,551                           |                                  | (3,833)                          | 10,136                    | Capital Adjustment Account               |  |
| Total Adjustments to Revenue Resources                                                                                                                                                  | (26,104)                     | 736                             | 0                                | (3,833)                          | 29,201                    |                                          |  |
| Adjustments between Revenue and Capital Resources                                                                                                                                       |                              |                                 |                                  |                                  |                           |                                          |  |
| Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve                                                                                               | 813                          | 0                               | (813)                            |                                  | 0                         | Deferred Capital Receipts Reserve        |  |
| Statutory provision for the repayment of debt                                                                                                                                           | 9,028                        | 3,257                           |                                  |                                  | (16,252)                  | Capital Adjustment Account               |  |
| Capital expenditure financed from revenue balances                                                                                                                                      | 2,121                        | 1,846                           |                                  |                                  |                           |                                          |  |
| Total Adjustments between Revenue and Capital Resources                                                                                                                                 | 11,962                       | 5,103                           | (813)                            | 0                                | (16,252)                  |                                          |  |
| Adjustments to Capital Resources                                                                                                                                                        |                              |                                 |                                  |                                  |                           |                                          |  |
| Use of the Capital Receipts Reserve to finance capital expenditure                                                                                                                      |                              |                                 | 641                              |                                  | (7,879)                   | Capital Adjustment Account               |  |
| Application of capital grants to finance capital expenditure                                                                                                                            |                              |                                 |                                  | 7,238                            |                           |                                          |  |
| Cash payments in relation to deferred capital receipts                                                                                                                                  |                              |                                 | (300)                            |                                  | 300                       | Deferred Capital Receipts Reserve        |  |
| Total Adjustments to Capital Resources                                                                                                                                                  | 0                            | 0                               | 341                              | 7,238                            | (7,579)                   |                                          |  |
| Total Adjustments                                                                                                                                                                       | (14,142)                     | 5,839                           | (472)                            | 3,405                            | 5,370                     |                                          |  |

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| Adjustments Between Accounting Basis and Funding Basis Under Regulation                                                                                                                 |                              | Usable Reserves                 |                                  |                                  |  | Unusable Reserves<br>£000 | Relevant Unusable Reserve                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|----------------------------------|----------------------------------|--|---------------------------|------------------------------------------|
| 2021/22                                                                                                                                                                                 | Council Fund Balance<br>£000 | Housing Revenue Account<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 |  |                           |                                          |
| Adjustments to the Revenue Resources                                                                                                                                                    |                              |                                 |                                  |                                  |  |                           |                                          |
| Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year in accordance with statutory requirements: |                              |                                 |                                  |                                  |  |                           |                                          |
| • Pension Costs                                                                                                                                                                         | (15,063)                     | (614)                           |                                  |                                  |  | 15,677                    | Pensions Reserve                         |
| • Financial Instruments                                                                                                                                                                 | 15                           | 0                               |                                  |                                  |  | (15)                      | Financial Instruments Adjustment Account |
| • Holiday Pay                                                                                                                                                                           | (415)                        | 22                              |                                  |                                  |  | 393                       | Accumulated Absences Account             |
| Reversal of entries included in the Surplus or<br>• Deficit on the Provision of Services in relation to capital expenditure                                                             | 1,538                        | 16,482                          |                                  | (8,266)                          |  | (9,754)                   | Capital Adjustment Account               |
| Total Adjustments to Revenue Resources                                                                                                                                                  | (13,925)                     | 15,890                          | 0                                | (8,266)                          |  | 6,302                     |                                          |
| Adjustments between Revenue and Capital Resources                                                                                                                                       |                              |                                 |                                  |                                  |  |                           |                                          |
| Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve                                                                                               | 1,330                        | 2,300                           | (3,630)                          |                                  |  | 0                         | Deferred Capital Receipts Reserve        |
| Statutory provision for the repayment of debt                                                                                                                                           | 8,446                        | 3,096                           |                                  |                                  |  | (16,790)                  | Capital Adjustment Account               |
| Capital expenditure financed from revenue balances                                                                                                                                      | 2,059                        | 3,189                           |                                  |                                  |  |                           |                                          |
| Total Adjustments between Revenue and Capital Resources                                                                                                                                 | 11,835                       | 8,585                           | (3,630)                          | 0                                |  | (16,790)                  |                                          |
| Adjustments to Capital Resources                                                                                                                                                        |                              |                                 |                                  |                                  |  |                           |                                          |
| Use of the Capital Receipts Reserve to finance capital expenditure                                                                                                                      |                              |                                 | 5,765                            |                                  |  | (10,571)                  | Capital Adjustment Account               |
| Application of capital grants to finance capital expenditure                                                                                                                            |                              |                                 |                                  | 4,806                            |  |                           |                                          |
| Cash payments in relation to deferred capital receipts                                                                                                                                  |                              |                                 | (802)                            |                                  |  | 802                       | Deferred Capital Receipts Reserve        |
| Total Adjustments to Capital Resources                                                                                                                                                  | 0                            | 0                               | 4,963                            | 4,806                            |  | (9,769)                   |                                          |
| Total Adjustments                                                                                                                                                                       | (2,090)                      | 24,475                          | 1,333                            | (3,460)                          |  | (20,258)                  |                                          |

**7. Other Operating Expenditure**

| <b>2021/22<br/>£000</b> |                                                                               | <b>2022/23<br/>£000</b> |
|-------------------------|-------------------------------------------------------------------------------|-------------------------|
| 12,387                  | Police Precept                                                                | 12,875                  |
| 5,060                   | Fire Authority Levy                                                           | 5,381                   |
| 2,238                   | Community Council Precepts                                                    | 2,336                   |
| (173)                   | (Gains)/Losses on Held for Sale Assets and the disposal of non-current assets | 1,389                   |
| 531                     | Pension Administration Costs                                                  | 597                     |
| <b>20,043</b>           | <b>Total</b>                                                                  | <b>22,578</b>           |

**8. Financing and Investment Income and Expenditure**

| <b>2021/22<br/>£000</b> |                                                                                         | <b>2022/23<br/>£000</b> |
|-------------------------|-----------------------------------------------------------------------------------------|-------------------------|
| 9,138                   | Interest payable and similar charges                                                    | 9,583                   |
| 6,226                   | Net interest on the net defined benefit liability (asset)                               | 6,603                   |
| (92)                    | Interest receivable and similar income                                                  | (509)                   |
| 131                     | Income & expenditure in relation to Investment Properties & changes in their fair value | 150                     |
| <b>15,403</b>           | <b>Total</b>                                                                            | <b>15,827</b>           |

**9. Taxation and Non-specific Grant Income**

| <b>2021/22<br/>£000</b> |                                   | <b>2022/23<br/>£000</b> |
|-------------------------|-----------------------------------|-------------------------|
| (73,020)                | Council Tax income                | (75,839)                |
| (31,610)                | Non-domestic rates                | (34,450)                |
| (129,392)               | Non-ring fenced government grants | (139,190)               |
| (26,507)                | Capital grants and contributions  | (23,460)                |
| <b>(260,529)</b>        | <b>Total</b>                      | <b>(272,939)</b>        |

**10. Agency Income and Expenditure**

The Council acted as an agent on behalf of the following; this expenditure is not included in the Comprehensive Income and Expenditure Statement.

- a) The Council has an agreement with Gwynedd County Council, lead authority for the North & Mid Wales Trunk Road Agency, whereby the Council is responsible for maintaining highways in the County. Gwynedd reimburses Denbighshire County Council for the work including a contribution towards administration costs. Reimbursement for work carried out amounted to £545k (£705k 2021/22).
- b) Welsh Government has provided funding for recyclable loans under the Houses into Homes Scheme, for the repair of properties which have been long term vacant, with the aim of bringing them back into use. Repayments of £5k were made to Denbighshire County Council and a new loan of £50k provided during 2022/23, leaving a balance available for new loans of £563k.

- c) The Home Improvement Loan Scheme provide loans for home improvements. No loans were issued or repayments made in 2022/23, leaving a balance available for new loans of £265k.
- d) Due to the impact of the Covid 19 pandemic on the need for additional support for individuals and businesses, there have been a large number of new grants and financial support made available by Welsh Government. The Council has administered a number of these grants and distributed payments arising from the Ukraine war during the year on behalf of Welsh Government, and are as follows:

|                              | Payments<br>made by<br>Council<br>£000 | Grant<br>Received<br>from Welsh<br>Government<br>£000 | Balance due<br>(to)/from Welsh<br>Government at<br>31 March<br>£000 |
|------------------------------|----------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------|
| Winter Fuel Support          | 2,366                                  | (2,406)                                               | (40)                                                                |
| Self Isolation Payments      | 319                                    | 0                                                     | 319                                                                 |
| Tenancy Hardship Grant       | 2                                      | (2)                                                   | 0                                                                   |
| Unpaid Carers' Assistance    | 720                                    | 0                                                     | 720                                                                 |
| Care Workers Bonus Scheme    | 4,657                                  | 0                                                     | 4,657                                                               |
| Ukraine - Individual Support | 22                                     | (22)                                                  | 0                                                                   |
| <b>Total</b>                 | <b>8,086</b>                           | <b>(2,430)</b>                                        | <b>5,656</b>                                                        |

- e) The Council has distributed Ukraine Host Support payments during the year on behalf of UK Government; payments made by the Council of £102k, grant received £58k with £44k due from UK Government.
- f) The Council in partnership with the local business community, has formed a Business Improvement District in Rhyl. A levy is charged on all relevant business rate payers and this is used to develop projects benefitting the local area. Further information is available on their website:

<https://rhylbid.co.uk>.

The Council collects the income and pays this over to Rhyl Bid; £213k in 2022/23 (£192k 2021/22).

## 11. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands, estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Denbighshire County Council, each Community Council and the Office of the Police And Crime Commissioner, North Wales and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts. The tax base was 40,642 in 2022/23 (40,450 in 2021/22).

The basic amount (including Community Council precept and Office of the Police and Crime Commissioner, North Wales precept) for a Band D property was £1,853.45 (£1,797.52 in 2021/22) and is multiplied by the proportion specified for the particular band to give the individual amount due.

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

| Band                                                      | A     | B     | C      | D     | E     | F     | G     | H    | I    |
|-----------------------------------------------------------|-------|-------|--------|-------|-------|-------|-------|------|------|
| Multiplier                                                | 6/9   | 7/9   | 8/9    | 9/9   | 11/9  | 13/9  | 15/9  | 18/9 | 21/9 |
| No. of properties in Council Tax Systems at 31 March 2023 | 4,108 | 7,321 | 14,736 | 7,973 | 5,583 | 3,861 | 2,043 | 317  | 168  |

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

| 2021/22<br>£000 |                                                                          | 2022/23<br>£000 |
|-----------------|--------------------------------------------------------------------------|-----------------|
| 73,020          | Council Tax collectible                                                  | 75,839          |
| (12,387)        | Amount payable to Office of the Police & Crime Commissioner, North Wales | (12,875)        |
| (255)           | Provision for non-payment of Council Tax                                 | (496)           |
| <b>60,378</b>   | <b>Net proceeds from Council Tax</b>                                     | <b>62,468</b>   |
| 58,124          | Denbighshire County Council split:                                       |                 |
| 2,238           | Denbighshire County Council                                              | 60,037          |
| 16              | Community Councils                                                       | 2,336           |
|                 | Discretionary Non-domestic Rate Relief                                   | 95              |
| <b>60,378</b>   | <b>Total</b>                                                             | <b>62,468</b>   |

## 12. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government specified the rate of 53.5p in 2022/23 (53.5p in 2021/22) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable to local authorities on the basis of a fixed amount per head of population.

The NNDR income (after relief and provisions) of £29,915k for 2022/23 (£30,001k for 2021/22) was based on an aggregate rateable value of £72,511k at year-end.

**13. Property, Plant and Equipment**

|                                       | <b>Council<br/>Dwellings<br/>£000</b> | <b>Other Land &amp;<br/>Buildings<br/>£000</b> | <b>Vehicles, Plant,<br/>Furniture &amp;<br/>Equipment<br/>£000</b> | <b>Community<br/>Assets<br/>£000</b> | <b>Surplus Assets<br/>£000</b> | <b>Assets Under<br/>Construction<br/>£000</b> | <b>Total Property,<br/>Plant &amp;<br/>Equipment<br/>£000</b> |
|---------------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------------------------|--------------------------------------|--------------------------------|-----------------------------------------------|---------------------------------------------------------------|
| <b>2022/23</b>                        |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| Gross cost 31 March 2022              | 158,817                               | 313,584                                        | 16,302                                                             | 1,558                                | 4,014                          | 22,446                                        | 516,721                                                       |
| less: Depreciation and Impairment     | (72)                                  | (6,774)                                        | (7,329)                                                            | (73)                                 | (536)                          | 0                                             | (14,784)                                                      |
| <b>Net Book value 31 March 2022</b>   | <b>158,745</b>                        | <b>306,810</b>                                 | <b>8,973</b>                                                       | <b>1,485</b>                         | <b>3,478</b>                   | <b>22,446</b>                                 | <b>501,937</b>                                                |
|                                       |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| Additions                             | 11,642                                | 11,024                                         | 4,927                                                              | 0                                    | 1,304                          | 16,551                                        | 45,448                                                        |
| Revaluations                          | 9,652                                 | 41,762                                         | 0                                                                  | 0                                    | (783)                          | 0                                             | 50,631                                                        |
| Depreciation - charge for year        | (3,368)                               | (7,768)                                        | (2,911)                                                            | 0                                    | 0                              | 0                                             | (14,047)                                                      |
| Depreciation - other movements        | 3,296                                 | 10,393                                         | 872                                                                | 0                                    | 0                              | 0                                             | 14,561                                                        |
| Impairment - charge for year          | (11,471)                              | (10,854)                                       | (26)                                                               | 0                                    | (60)                           | 0                                             | (22,411)                                                      |
| Impairment - other movements          | 11,464                                | 9,413                                          | 127                                                                | 0                                    | 489                            | 0                                             | 21,493                                                        |
| Derecognitions and disposal           | 0                                     | (3,252)                                        | (1,064)                                                            | 0                                    | (565)                          | 0                                             | (4,881)                                                       |
| Transfers and Reclassifications       | 867                                   | (5,740)                                        | (1)                                                                | 0                                    | (950)                          | 320                                           | (5,504)                                                       |
| <b>Net Book Value 31 March 2023</b>   | <b>180,827</b>                        | <b>351,788</b>                                 | <b>10,897</b>                                                      | <b>1,485</b>                         | <b>2,913</b>                   | <b>39,317</b>                                 | <b>587,227</b>                                                |
|                                       |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| Gross Cost 31 March 2023              | 180,978                               | 357,378                                        | 20,164                                                             | 1,558                                | 3,019                          | 39,317                                        | 602,414                                                       |
| less: Depreciation and Impairment     | (151)                                 | (5,590)                                        | (9,267)                                                            | (73)                                 | (106)                          | 0                                             | (15,187)                                                      |
| <b>Net Book Value 31 March 2023</b>   | <b>180,827</b>                        | <b>351,788</b>                                 | <b>10,897</b>                                                      | <b>1,485</b>                         | <b>2,913</b>                   | <b>39,317</b>                                 | <b>587,227</b>                                                |
|                                       |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| <b>NBV of impairments</b>             |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| Net impairment to Surplus or          |                                       |                                                |                                                                    |                                      |                                |                                               |                                                               |
| Deficit on the provision of Services  | (3,825)                               | (4,673)                                        | (26)                                                               | 0                                    | (51)                           | 0                                             | (8,575)                                                       |
| Net impairment to Revaluation Reserve | (7,646)                               | (6,180)                                        | 0                                                                  | 0                                    | (8)                            | 0                                             | (13,834)                                                      |
| <b>Net Book Value 31 March 2023</b>   | <b>(11,471)</b>                       | <b>(10,853)</b>                                | <b>(26)</b>                                                        | <b>0</b>                             | <b>(59)</b>                    | <b>0</b>                                      | <b>(22,409)</b>                                               |

|                                     | Council<br>Dwellings<br>£000 | Other Land &<br>Buildings<br>£000 | Vehicles, Plant,<br>Furniture &<br>Equipment<br>£000 | Community<br>Assets<br>£000 | Surplus<br>Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total Property,<br>Plant &<br>Equipment<br>£000 |
|-------------------------------------|------------------------------|-----------------------------------|------------------------------------------------------|-----------------------------|---------------------------|--------------------------------------|-------------------------------------------------|
| <b>2021/22</b>                      |                              |                                   |                                                      |                             |                           |                                      |                                                 |
| Gross cost 31 March 2021            | 111,587                      | 300,827                           | 17,572                                               | 1,563                       | 5,522                     | 9,553                                | 446,624                                         |
| less: Depreciation and Impairment   | (16,610)                     | (25,778)                          | (8,315)                                              | (78)                        | (1,072)                   | 0                                    | (51,853)                                        |
| Net Book value 31 March 2021        | <b>94,977</b>                | <b>275,049</b>                    | <b>9,257</b>                                         | <b>1,485</b>                | <b>4,450</b>              | <b>9,553</b>                         | <b>394,771</b>                                  |
| * Technical adjustment - Gross Cost | 0                            | 1,063                             | 0                                                    | 0                           | 0                         | 0                                    | 1,063                                           |
| Additions                           | 9,679                        | 7,247                             | 2,397                                                | 0                           | 734                       | 12,033                               | 32,090                                          |
| Revaluations                        | 43,605                       | 5,195                             | 0                                                    | 0                           | (177)                     | 0                                    | 48,623                                          |
| Depreciation - charge for year      | (3,001)                      | (7,078)                           | (2,471)                                              | 0                           | 0                         | 0                                    | (12,550)                                        |
| Depreciation - other movements      | 13,381                       | 18,277                            | 3,432                                                | 0                           | 163                       | 0                                    | 35,253                                          |
| Impairment - charge for year        | (7,639)                      | (5,702)                           | (127)                                                | 0                           | (488)                     | 0                                    | (13,956)                                        |
| Impairment - other movements        | 13,797                       | 13,507                            | 152                                                  | 5                           | 861                       | 0                                    | 28,322                                          |
| Derecognitions and disposal         | (5,891)                      | (1,680)                           | (3,667)                                              | (5)                         | (341)                     | 0                                    | (11,584)                                        |
| Transfers and Reclassifications     | (163)                        | 932                               | 0                                                    | 0                           | (1,724)                   | 860                                  | (95)                                            |
| <b>Net Book Value 31 March 2022</b> | <b>158,745</b>               | <b>306,810</b>                    | <b>8,973</b>                                         | <b>1,485</b>                | <b>3,478</b>              | <b>22,446</b>                        | <b>501,937</b>                                  |

|                                     |                |                |              |              |              |               |                |
|-------------------------------------|----------------|----------------|--------------|--------------|--------------|---------------|----------------|
| Gross Cost 31 March 2022            | 158,817        | 313,584        | 16,302       | 1,558        | 4,014        | 22,446        | 516,721        |
| less: Depreciation and Impairment   | (72)           | (6,774)        | (7,329)      | (73)         | (536)        | 0             | (14,784)       |
| <b>Net Book Value 31 March 2022</b> | <b>158,745</b> | <b>306,810</b> | <b>8,973</b> | <b>1,485</b> | <b>3,478</b> | <b>22,446</b> | <b>501,937</b> |

|                                       |                |                |              |          |              |          |                 |
|---------------------------------------|----------------|----------------|--------------|----------|--------------|----------|-----------------|
| <b>NBV of impairments</b>             |                |                |              |          |              |          |                 |
| Net impairment to Surplus or          |                |                |              |          |              |          |                 |
| Deficit on the provision of Services  | (37)           | (2,383)        | (127)        | 0        | (487)        | 0        | (3,034)         |
| Net impairment to Revaluation Reserve | (7,602)        | (3,319)        | 0            | 0        | (1)          | 0        | (10,922)        |
| <b>Net Book Value 31 March 2022</b>   | <b>(7,639)</b> | <b>(5,702)</b> | <b>(127)</b> | <b>0</b> | <b>(488)</b> | <b>0</b> | <b>(13,956)</b> |

\* An adjustment has been made to account for the treatment of a deferred capital receipt.

## Infrastructure Assets

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

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The infrastructure assets net book value is as follows:

|                                                                     | 2022/23<br>£000 | 2021/22<br>£000 |
|---------------------------------------------------------------------|-----------------|-----------------|
| Net book value (modified historical cost) <b>At 1st April, 2022</b> | <b>144,649</b>  | <b>139,219</b>  |
| Additions                                                           | 11,613          | 15,015          |
| Derecognition                                                       | (4,480)         | (2,632)         |
| Depreciation                                                        | (5,112)         | (4,486)         |
| Impairment                                                          | 584             | (2,467)         |
| Other movements in cost                                             |                 |                 |
| <b>At 31st March, 2023</b>                                          | <b>147,254</b>  | <b>144,649</b>  |
| Infrastructure Assets                                               | 147,254         | 144,649         |
| Other PPE Assets                                                    | 586,995         | 514,802         |
| <b>Total PPE Assets</b>                                             | <b>734,249</b>  | <b>659,451</b>  |

## Depreciation

All Property, Plant & Equipment has been depreciated using the straight line method over the following periods:

- Council Dwellings - 10-100 years
- Other Land & Buildings (including Heritage Assets) - 1-194 years
- Vehicles, Plant, Furniture & Equipment - 3-10 years
- Infrastructure - 40 years
- Surplus Assets - 4-40 years

## Voluntary Aided and Voluntary Controlled Schools

Other Land & Buildings includes land only for various voluntary aided and voluntary controlled schools. The new school, Ysgol Llanfair DC, is still in the process of being transferred to the Diocese so for 2022/23 it is still shown under Land and Buildings.

## Asset Register Review

Each year net book values in the asset registers are reviewed and any assets being held at £0 net book value are derecognised, where appropriate. As a result of this derecognition, the gross book value has been reduced with an equivalent reduction in accumulated depreciation and impairment.

## Capital Commitments

At 31 March 2023, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment in 2023/24 and future years. The budgeted cost of major commitments is £91,223k as below. Similar commitments at 31 March 2022 were £17,782k.

| <b>Project</b>                                              | <b>Contract Estimate<br/>£000</b> | <b>Expenditure incurred up to<br/>31 March 2023<br/>£000</b> | <b>Total Future Contract Payments<br/>£000</b> |
|-------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------|------------------------------------------------|
| Ysgol Bryn Hedydd: replacement windows & doors              | 305                               | 0                                                            | 305                                            |
| Denbigh High School: Fire Risk improvement works            | 277                               | 0                                                            | 277                                            |
| Ysgol Brynhyfryd: Block 3 internal & external refurbishment | 609                               | 0                                                            | 609                                            |
| Ysgol Plas Brondyffryn, Denbigh: Design phase               | 1,180                             | 593                                                          | 587                                            |
| Rhyl & Ruthin: External Enveloping Schemes                  | 2,995                             | 1,984                                                        | 1,011                                          |
| Rhyl: House renovations 2-16 Aquarium Street                | 2,642                             | 1,275                                                        | 1,367                                          |
| Denbigh, Llwyn Eirin (Plum Grove) - Housing development     | 4,847                             | 4,212                                                        | 635                                            |
| Former library site, Prestatyn - Construction of apartments | 3,455                             | 2,581                                                        | 874                                            |
| Llys Anwyl, Rhyl - Conversion to housing                    | 2,179                             | 960                                                          | 1,219                                          |
| Queen's Buildings Development, Rhyl                         | 6,437                             | 3,533                                                        | 2,904                                          |
| Llangollen 2020 Highway & Environmental improvements        | 1,044                             | 157                                                          | 887                                            |
| Central Prestatyn Coastal Defence Scheme -                  | 20,589                            | 305                                                          | 20,284                                         |
| Central Rhyl Coastal Defence Scheme -                       | 56,200                            | 626                                                          | 55,574                                         |
| Denbigh - New waste & recycling depot                       | 2,347                             | 160                                                          | 2,187                                          |
| Rhyl: Christ the Word - new school                          | 21,687                            | 21,401                                                       | 286                                            |
| Waste Vehicles                                              | 2,217                             | 0                                                            | 2,217                                          |
| <b>Total</b>                                                | <b>129,010</b>                    | <b>37,787</b>                                                | <b>91,223</b>                                  |

## Revaluations

As part of the programme to revalue all assets within five years of their previous valuation, a proportion of the freehold and leasehold properties which comprise the authority's property portfolio have been valued as at 1 April 2022 by Mrs C Jones Black BSc (Hons) MRICS, on the under-mentioned bases in accordance with the Statements of Asset Valuation and Guidance Notes of the Royal Institute of Chartered Surveyors, except that not all properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purpose of the valuation. Inspections were carried out between October 2022 and June 2023.

From 1 April 2015 a de-minimis valuation level of £30k has been set.

Properties regarded by the authority as operational were valued on the basis of open market value for the existing use, or where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost. Vehicles, Plant, Furniture & Equipment, Infrastructure and Community Assets were held at historic cost. Council dwellings are valued at current value in use as social housing.

The Council's asset valuations are based on guidance from the RICS Red Book Global. During the year there have been significant movements in build costs and in house prices in Denbighshire, consequently impacting the carrying value of assets valued at depreciated replacement cost and council dwellings respectively. An indexation has therefore been applied to existing asset valuations to ensure the Accounts are not materially misstated as at 31 March 2023. This exercise has been carried out for the Council's depreciated replacement cost assets and council dwellings using data sources from the Building Cost Information Service (BCIS) and Land Registry.

#### 14. Investment Properties

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 or repairs, maintenance or enhancement. The following table summarises the movement in the fair value of Investment Properties over the year:

| 2021/22<br>£000 |                                                 | 2022/23<br>£000 |
|-----------------|-------------------------------------------------|-----------------|
| 6,311           | Balance at start of the year                    | 6,198           |
| 23              | Additions                                       | 146             |
| (136)           | Net gains/(losses) from fair value adjustments  | (146)           |
| 0               | Disposals                                       | 0               |
| 0               | Transfers (to)/from Property, Plant & Equipment | 5,654           |
| <b>6,198</b>    | <b>Balance at end of the year</b>               | <b>11,852</b>   |

#### 15. Debtors

| 2021/22<br>£000 |                          | 2022/23<br>£000 |
|-----------------|--------------------------|-----------------|
| 9,841           | Trade receivables        | 13,276          |
| 2,139           | Prepayments              | 2,073           |
| 49,116          | Other receivable amounts | 46,883          |
| <b>61,096</b>   | <b>Total</b>             | <b>62,232</b>   |

## 16. Debtors for Council Tax

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

|                     | 31/03/2022<br>£000 | 31/03/2023<br>£000 |
|---------------------|--------------------|--------------------|
| Due within one year | 1,489              | 1,564              |
| More than one year  | 2,303              | 2,572              |
|                     | <b>3,792</b>       | <b>4,136</b>       |

## 17. Financial Instruments

### Categories of Financial Instruments

The following categories of Financial Instruments are carried in the Balance Sheet:

| 31 March 2022     |                 |                                         | 31 March 2023     |                 |
|-------------------|-----------------|-----------------------------------------|-------------------|-----------------|
| Long Term<br>£000 | Current<br>£000 |                                         | Long Term<br>£000 | Current<br>£000 |
| 0                 | 24,204          | <b>Investments</b>                      | 0                 | 19,313          |
|                   |                 | Financial assets at amortised cost      |                   |                 |
| 4,299             | 48,454          | <b>Debtors</b>                          | 3,989             | 45,454          |
|                   |                 | Financial assets at amortised cost      |                   |                 |
| (197,237)         | (34,355)        | <b>Borrowings</b>                       | (217,170)         | (41,397)        |
|                   |                 | Financial liabilities at amortised cost |                   |                 |
| (3,156)           | (41,717)        | <b>Creditors</b>                        | (3,111)           | (29,074)        |
|                   |                 | Financial liabilities at amortised cost |                   |                 |

The debtors and creditors figures in the table above exclude any amounts which are not classed as financial instruments such as payments in advance, receipts in advance and any statutory items.

The outstanding borrowing in the table above includes a loan received from the Salix Energy Efficiency Scheme, which is a programme being delivered by the Welsh Government in partnership with Salix Finance and the Carbon Trust to provide interest free loans. The Council received loans to the value of £1,499k during previous years. The balance on this loan as at 31 March 2023 is £494k.

The Council does not account for these loans as soft loans because the fair value adjustment is not material.

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income & Expenditure Statement in relation to Financial Instruments consists of the following items:

| 2021/22                       |                          |                                                                         | 2022/23                       |                          |               |
|-------------------------------|--------------------------|-------------------------------------------------------------------------|-------------------------------|--------------------------|---------------|
| Financial Liabilities<br>£000 | Financial Assets<br>£000 |                                                                         | Financial Liabilities<br>£000 | Financial Assets<br>£000 | Total<br>£000 |
| 9,138                         |                          | Interest Expense<br>Losses on de-recognition                            | 9,583                         |                          | 9,583<br>0    |
| 9,138                         |                          | <b>Total Expense in Surplus or Deficit on the Provision of Services</b> | <b>9,583</b>                  |                          | <b>9,583</b>  |
|                               | (92)                     | Interest Income<br>Gains on de-recognition                              |                               | (509)                    | (509)<br>0    |
|                               | (92)                     | <b>Total Income in Surplus or Deficit on the Provision of Services</b>  |                               | <b>(509)</b>             | <b>(509)</b>  |

## Fair Values of Assets and Liabilities

The Council's financial assets and liabilities are carried in the Balance Sheet at amortised cost. IFRS 7 requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a Financial Instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2022 and 31 March 2023 consisted entirely of loans from the Public Works Loan Board (PWLB), other local authorities & public bodies and the Salix Energy Efficiency Scheme. The Council's treasury management advisers, Arlingclose Ltd has provided the Council with Fair Value amounts in relation to debt portfolio. Arlingclose Ltd has estimated the Fair Values by calculating the net present value of the remaining contractual cash flows at 31 March 2023.

In the case of the Council's investments, these included deposits with Banks and the Debt Management Office. The maturity dates of these investments were within 12 months of the Balance Sheet date. The contracts of term deposits do not permit premature redemption. None of the investments were impaired (i.e. at risk of default). Fair Values for investments have therefore been assessed as being the same as the carrying amount on the Balance Sheet.

The Fair Value is lower than the carrying amount because the average rate on our loans is lower than prevailing market rates. If the loans were to be transferred to a new lender they would be worth less than par value, as that lender could receive a higher rate for the same credit risk by lending elsewhere, so need to be compensated through a higher yield.

The Fair Values calculated are as follows:

| 31 March 2022           |                     |                                    | 31 March 2023           |                     |
|-------------------------|---------------------|------------------------------------|-------------------------|---------------------|
| Carrying Amount<br>£000 | Fair Values<br>£000 |                                    | Carrying Amount<br>£000 | Fair Values<br>£000 |
| (231,592)               | (290,585)           | Financial Liabilities              | (258,568)               | (253,614)           |
| (3,156)                 | (3,156)             | Long Term Creditors                | (3,111)                 | (3,111)             |
| <b>(234,748)</b>        | <b>(293,741)</b>    | <b>Total Financial Liabilities</b> | <b>(261,679)</b>        | <b>(256,725)</b>    |
| 24,204                  | 24,204              | Loans & Receivables                | 19,313                  | 19,313              |
| 4,299                   | 4,299               | Long Term Debtors                  | 3,989                   | 3,989               |
| <b>28,503</b>           | <b>28,503</b>       | <b>Total Financial Assets</b>      | <b>23,302</b>           | <b>23,302</b>       |

#### 18. Assets Held for Sale

|                                                  | Current         |                 |
|--------------------------------------------------|-----------------|-----------------|
|                                                  | 2021/22<br>£000 | 2022/23<br>£000 |
| Balance outstanding at start of year             | 3,544           | 1,076           |
| <b>Assets newly classified as Held for Sale:</b> |                 |                 |
| from Property, Plant & Equipment                 | 95              | 300             |
| Revaluation losses                               | (30)            | (14)            |
| Revaluation gains                                | 87              | 0               |
| <b>Assets declassified as Held for Sale:</b>     |                 |                 |
| to Property, Plant & Equipment                   | 0               | (450)           |
| Assets sold                                      | (2,620)         | (17)            |
| <b>Balance outstanding at year end</b>           | <b>1,076</b>    | <b>895</b>      |

#### 19. Creditors

| 31/03/2022<br>£000 |                | 31/03/2023<br>£000 |
|--------------------|----------------|--------------------|
| (21,063)           | Trade payables | (21,215)           |
| (26,101)           | Other payables | (13,776)           |
| <b>(47,164)</b>    | <b>Total</b>   | <b>(34,991)</b>    |

## 20. Movements in Earmarked Reserves

This note sets out the amounts set aside from the Council Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet Council Fund and HRA expenditure in 2022/23.

|                                                           | Balance at<br>31/03/2021<br>£000 | Transfers Out<br>2021/22<br>£000 | Transfers<br>In<br>2021/22<br>£000 | Balance at<br>31/03/2022<br>£000 | Transfers Out<br>2022/23<br>£000 | Transfers<br>In<br>2022/23<br>£000 | Balance at<br>31/03/2023<br>£000 |
|-----------------------------------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|------------------------------------|----------------------------------|
| Balances held by schools under a scheme of delegation (i) | (5,670)                          | 144                              | (6,922)                            | (12,448)                         | 4,405                            | (896)                              | (8,939)                          |
| <b>Grant &amp; Capital Related</b>                        |                                  |                                  |                                    |                                  |                                  |                                    |                                  |
| Capital Schemes (ii)                                      | (12,053)                         | 1,835                            | (3,768)                            | (13,986)                         | 2,193                            | (7,447)                            | (19,240)                         |
| Modified Loan Reserve (iii)                               | (4,552)                          | 66                               | 0                                  | (4,486)                          | 70                               | 0                                  | (4,416)                          |
| Revenue Grants Unapplied                                  | (1,249)                          | 920                              | (2,129)                            | (2,458)                          | 1,464                            | (3,323)                            | (4,317)                          |
| <b>Service Reserves</b>                                   |                                  |                                  |                                    |                                  |                                  |                                    |                                  |
| <u>Business Improvement &amp; Modernisation</u>           |                                  |                                  |                                    |                                  |                                  |                                    |                                  |
| Ruthin Gaol Heritage Projects                             | (104)                            | 0                                | 0                                  | (104)                            | 26                               | 0                                  | (78)                             |
| New Ways of Working                                       | (59)                             | 0                                | (122)                              | (181)                            | 0                                | 0                                  | (181)                            |
| IT Networks Development                                   | (807)                            | 287                              | (287)                              | (807)                            | 235                              | (104)                              | (676)                            |
| IT Systems Development (EDRMS)                            | (69)                             | 0                                | 0                                  | (69)                             | 0                                | 0                                  | (69)                             |
| Resident Survey                                           | (38)                             | 0                                | 0                                  | (38)                             | 0                                | 0                                  | (38)                             |
| Schools IT Network Development                            | (65)                             | 60                               | 0                                  | (5)                              | 5                                | 0                                  | 0                                |
| Carbon Zero Project                                       | (67)                             | 0                                | (175)                              | (242)                            | 475                              | (947)                              | (714)                            |
| <u>Communities &amp; Customers</u>                        |                                  |                                  |                                    |                                  |                                  |                                    |                                  |
| Destination Managed Project                               | (200)                            | 0                                | (200)                              | (400)                            | 0                                | 0                                  | (400)                            |
| Working Denbighshire                                      | (14)                             | 7                                | (499)                              | (506)                            | 315                              | (173)                              | (364)                            |
| Urdd                                                      | (116)                            | 41                               | (3)                                | (78)                             | 35                               | 0                                  | (43)                             |
| <u>Community Support Services</u>                         |                                  |                                  |                                    |                                  |                                  |                                    |                                  |
| Modernising Social Care                                   | (212)                            | 212                              | 0                                  | 0                                | 0                                | 0                                  | 0                                |

|                                                      | Balance at<br>31/03/2021<br>£000 | Transfers Out<br>2021/22<br>£000 | Transfers In<br>2021/22<br>£000 | Balance at<br>31/03/2022<br>£000 | Transfers Out<br>2022/23<br>£000 | Transfers In<br>2022/23<br>£000 | Balance at<br>31/03/2023<br>£000 |
|------------------------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| CESI Pooled Budget                                   | (45)                             | 0                                | (64)                            | (109)                            | 92                               | 0                               | (17)                             |
| Domiciliary Care Transport                           | 0                                | 0                                | (332)                           | (332)                            | 0                                | 0                               | (332)                            |
| Adult Social Care                                    | (399)                            | 0                                | (2,041)                         | (2,440)                          | 2,440                            | 0                               | 0                                |
| Health & Social Care Support<br>Workers              | (43)                             | 5                                | 0                               | (38)                             | 0                                | 0                               | (38)                             |
| Social Care Amenity Fund                             | (14)                             | 0                                | 0                               | (14)                             | 0                                | 0                               | (14)                             |
| Social Care in Partnership                           | (10)                             | 0                                | 0                               | (10)                             | 0                                | 0                               | (10)                             |
| Social Service Improvement Agency                    | (116)                            | 0                                | 0                               | (116)                            | 0                                | 0                               | (116)                            |
| Safeguarding Business Unit                           | (144)                            | 0                                | (28)                            | (172)                            | 0                                | (9)                             | (181)                            |
| Delivering Transformation                            | (252)                            | 0                                | (579)                           | (831)                            | 4                                | (765)                           | (1,592)                          |
| Regional Commissioning Team                          | (128)                            | 0                                | (3)                             | (131)                            | 0                                | 0                               | (131)                            |
| <u>Education &amp; Children's Services</u>           |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| Modernising Education                                | (122)                            | 0                                | 0                               | (122)                            | 0                                | 0                               | (122)                            |
| ALN Reforms                                          | (414)                            | 0                                | (279)                           | (693)                            | 431                              | (248)                           | (510)                            |
| Schools Financial Resilience                         | (300)                            | 0                                | 0                               | (300)                            | 0                                | 0                               | (300)                            |
| Education IT Investment                              | 0                                | 0                                | 0                               | 0                                | 0                                | (241)                           | (241)                            |
| <u>Finance &amp; Property</u>                        |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| Revenues & Benefits                                  | (738)                            | 52                               | (39)                            | (725)                            | 140                              | (214)                           | (799)                            |
| Finance Systems                                      | (166)                            | 0                                | 0                               | (166)                            | 0                                | 0                               | (166)                            |
| Health & Safety                                      | (78)                             | 0                                | 0                               | (78)                             | 0                                | 0                               | (78)                             |
| Design & Development                                 | (120)                            | 0                                | (195)                           | (315)                            | 0                                | (179)                           | (494)                            |
| External Funding Administration                      | (116)                            | 0                                | 0                               | (116)                            | 0                                | 0                               | (116)                            |
| <u>Highways &amp; Environmental Services</u>         |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| Pont y Ddraig Bridge                                 | (75)                             | 0                                | (15)                            | (90)                             | 0                                | 0                               | (90)                             |
| Severe Weather (incorporating Winter<br>Maintenance) | (438)                            | 100                              | 0                               | (338)                            | 338                              | 0                               | 0                                |
| Facilities                                           | (184)                            | 30                               | 0                               | (154)                            | 0                                | 0                               | (154)                            |
| Free School Meals                                    | (150)                            | 0                                | 0                               | (150)                            | 0                                | 0                               | (150)                            |

|                                                  | Balance at<br>31/03/2021<br>£000 | Transfers Out<br>2021/22<br>£000 | Transfers In<br>2021/22<br>£000 | Balance at<br>31/03/2022<br>£000 | Transfers Out<br>2022/23<br>£000 | Transfers In<br>2022/23<br>£000 | Balance at<br>31/03/2023<br>£000 |
|--------------------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| <b>Legal, HR &amp; Democratic Services</b>       |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| Training Collaboration                           | (30)                             | 0                                | 0                               | (30)                             | 0                                | (20)                            | (50)                             |
| Legal                                            | (28)                             | 0                                | 0                               | (28)                             | 0                                | 0                               | (28)                             |
| N. Wales Schools Framework                       | (21)                             | 21                               | (50)                            | (50)                             | 50                               | 0                               | 0                                |
| <b>Planning &amp; Public Protection</b>          |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| Town & Country Planning Act (s.106) Requirements | (1,143)                          | 1                                | (1)                             | (1,143)                          | 2                                | (27)                            | (1,168)                          |
| Ash Die-back                                     | (148)                            | 0                                | (134)                           | (282)                            | 0                                | 0                               | (282)                            |
| Bodelwyddan Country Park                         | 0                                | 0                                | (165)                           | (165)                            | 74                               | 0                               | (91)                             |
| Picturesque Project                              | (152)                            | 0                                | 0                               | (152)                            | 0                                | 0                               | (152)                            |
| ECA Board                                        | (205)                            | 0                                | (35)                            | (240)                            | 2                                | 0                               | (238)                            |
| Signing Schemes                                  | (46)                             | 6                                | 0                               | (40)                             | 30                               | 0                               | (10)                             |
| Prosecution/Appeal Costs                         | (61)                             | 0                                | 0                               | (61)                             | 0                                | 0                               | (61)                             |
| LDP                                              | (188)                            | 0                                | 0                               | (188)                            | 0                                | 0                               | (188)                            |
| Planning Delivery for Wales                      | (445)                            | 150                              | (22)                            | (317)                            | 122                              | 0                               | (195)                            |
| <b>Corporate Reserves</b>                        |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| 2017 Corporate Priorities                        | (1,142)                          | 881                              | (54)                            | (315)                            | 48                               | 0                               | (267)                            |
| Growth Bid                                       | (50)                             | 0                                | 0                               | (50)                             | 0                                | 0                               | (50)                             |
| Elections                                        | (148)                            | 0                                | (49)                            | (197)                            | 127                              | 0                               | (69)                             |
| Risk Management Fund (iv)                        | (521)                            | 0                                | 0                               | (521)                            | 0                                | (28)                            | (549)                            |
| Superannuation Recovery (v)                      | (2,630)                          | 0                                | 0                               | (2,630)                          | 0                                | (1,000)                         | (3,630)                          |
| Travelodge                                       | (59)                             | 0                                | (30)                            | (89)                             | 0                                | (27)                            | (116)                            |
| Leadership Development                           | (12)                             | 0                                | (1)                             | (13)                             | 0                                | 0                               | (13)                             |
| Area Member Reserve                              | (15)                             | 0                                | 0                               | (15)                             | 0                                | 0                               | (15)                             |
| Budget Mitigation (vi)                           | (1,747)                          | 150                              | (3,253)                         | (4,850)                          | 119                              | 0                               | (4,731)                          |
| Coroner                                          | (269)                            | 0                                | 0                               | (269)                            | 33                               | 0                               | (236)                            |
| Rhyl Waterfront                                  | (46)                             | 0                                | (41)                            | (87)                             | 71                               | 0                               | (16)                             |
| Insurance Fund (iv)                              | (955)                            | 23                               | 0                               | (932)                            | 129                              | (68)                            | (871)                            |
| Energy                                           | 0                                | 0                                | 0                               | 0                                | 0                                | (374)                           | (374)                            |

|                                     | Balance at<br>31/03/2021<br>£000 | Transfers Out<br>2021/22<br>£000 | Transfers In<br>2021/22<br>£000 | Balance at<br>31/03/2022<br>£000 | Transfers Out<br>2022/23<br>£000 | Transfers In<br>2022/23<br>£000 | Balance at<br>31/03/2023<br>£000 |
|-------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| <u>Joint Committees</u>             |                                  |                                  |                                 |                                  |                                  |                                 |                                  |
| North Wales Economic Ambition Board | (92)                             | 12                               | (91)                            | (171)                            | 0                                | (391)                           | (562)                            |
| Clwydian Range & Dee Valley AONB    | (523)                            | 186                              | 0                               | (337)                            | 0                                | (417)                           | (754)                            |
| <b>TOTAL</b>                        | <b>(40,003)</b>                  | <b>5,189</b>                     | <b>(21,606)</b>                 | <b>(56,420)</b>                  | <b>13,476</b>                    | <b>(16,898)</b>                 | <b>(59,842)</b>                  |

Details are given below of the Council's main specific reserves:

- (i) Balances held by schools under a scheme of delegation: in accordance with section 48 of the School Standards Framework Act 1998, the Denbighshire scheme for the financing of schools provides for the carry forward of individual school balances.
- (ii) Capital Schemes reserve: represents funding committed to approved capital projects.
- (iii) Modified loan reserve: the reserve has been created as a consequence of a temporary gain recognised in the Comprehensive Income & Expenditure Statement following a change in the calculation of the carrying amount of the Council's modified loans as at 1 April 2018 as required by IFRS 9. The reserve will be used to neutralise the impact of higher effective interest charges to the Comprehensive Income & Expenditure Statement over the remaining life of the loans.
- (iv) Insurance and Risk Management reserves: these reserves are held to fund any future liabilities and claims that exceed budget.
- (v) Superannuation Recovery: this reserve is held to offset any increase in pension payments in the forthcoming triennial period.
- (vi) Budget Mitigation: formed as part of the budget strategy to mitigate the effects of future reductions in funding received from the Welsh Government.

**21. Usable Reserves**

| <b>31/03/2022</b><br><b>£000</b> |                              | <b>31/03/2023</b><br><b>£000</b> |
|----------------------------------|------------------------------|----------------------------------|
| (8,302)                          | Council Fund                 | (5,577)                          |
| (56,420)                         | Earmarked Reserves (Note 20) | (59,842)                         |
| (2,056)                          | Housing Revenue Account      | (1,566)                          |
| (6,957)                          | Capital Receipts Reserve     | (7,429)                          |
| (11,098)                         | Capital Grants Unapplied     | (7,693)                          |
| <b>(84,833)</b>                  | <b>Total Usable Reserves</b> | <b>(82,107)</b>                  |

**Revenue Balances**

The Council Fund revenue balances are available to the County Council for general or specific purposes and represent accumulation of past surpluses on the Council Fund Revenue Account. The Housing Revenue Account balances do not form part of the Council Fund Balances and are identified separately.

| <b>31/03/2022</b><br><b>£000</b> |                                      | <b>Transfers</b><br><b>(In)/Out</b><br><b>£000</b> | <b>31/03/2023</b><br><b>£000</b> |
|----------------------------------|--------------------------------------|----------------------------------------------------|----------------------------------|
|                                  | <u>Council Fund Revenue Balances</u> |                                                    |                                  |
| (7,135)                          | General Balances                     | 1,603                                              | (5,532)                          |
| (1,167)                          | Earmarked Balances                   | 1,122                                              | (45)                             |
| <b>(8,302)</b>                   | <b>Total Council Fund Balances</b>   | <b>2,725</b>                                       | <b>(5,577)</b>                   |
|                                  | <b>Housing Revenue Account</b>       |                                                    |                                  |
| <b>(2,056)</b>                   | <b>Balances</b>                      | 490                                                | <b>1,566</b>                     |

## Capital Receipts Reserve

Income from the disposal of non-current assets is credited to the Capital Receipts Reserve, from which it can be applied to the financing of new capital expenditure.

| 2021/22         |                                     | 2022/23                 |                                       |                |
|-----------------|-------------------------------------|-------------------------|---------------------------------------|----------------|
| Total<br>£000   |                                     | Council<br>Fund<br>£000 | Housing<br>Revenue<br>Account<br>£000 | Total<br>£000  |
| <b>(8,290)</b>  |                                     | <b>(6,826)</b>          | <b>(132)</b>                          | <b>(6,958)</b> |
| (3,478)         | Plus                                | (714)                   | 0                                     | (714)          |
| 0               |                                     | 0                       | 0                                     | 0              |
| (152)           |                                     | (98)                    | 0                                     | (98)           |
| (500)           |                                     | (300)                   | 0                                     | (300)          |
| <b>(12,420)</b> |                                     | <b>(7,938)</b>          | <b>(132)</b>                          | <b>(8,070)</b> |
|                 | Less                                |                         |                                       |                |
| 5,463           | Applied during year:                | 209                     | 132                                   | 341            |
| 0               | Finance Capital Expenditure - Other | 300                     | 0                                     | 300            |
|                 | Debt Redemption                     |                         |                                       |                |
| <b>(6,957)</b>  | <b>Balance at 31 March</b>          | <b>(7,429)</b>          | <b>0</b>                              | <b>(7,429)</b> |

## Capital Grants Unapplied

| 2021/22         |                                                       | 2022/23  |                 |
|-----------------|-------------------------------------------------------|----------|-----------------|
| £000            |                                                       | £000     | £000            |
| <b>(7,638)</b>  | <b>Balance at 1 April</b>                             |          | <b>(11,098)</b> |
|                 | Plus Grants & Contributions received in-year          |          |                 |
| (19,563)        | - Council Fund                                        | (17,363) |                 |
| (6,944)         | - HRA                                                 | (6,096)  |                 |
| (2,298)         | - Revenue Expenditure Funded by Capital Under Statute | (503)    | (23,962)        |
|                 | Less Grants & Contributions applied in-year           |          |                 |
| 20,539          | - Grants received in-year                             | 20,129   |                 |
| 4,806           | - Grants received previous years                      | 7,238    | 27,367          |
| <b>(11,098)</b> | <b>Balance at 31 March</b>                            |          | <b>(7,693)</b>  |

## 22. Unusable Reserves

The Authority holds the following Unusable Reserves:

Revaluation Reserve: this contains the gains made by the Council arising from increases in the value of its non-current assets.

Capital Adjustment Account: this 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.

Pensions Reserve: this absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Financial Instruments Adjustment Account: this absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

Deferred Capital Receipts Reserve: this records timing differences between gains recognised on the disposal of non-current assets and cash receipts.

Accumulated Absences Account: this absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

| 2022/23                                  |                         |                                |                                 |                                                          | Adjustments between Accounting & Funding Basis (Note 6) |                                                         |                                          |                         |                         |
|------------------------------------------|-------------------------|--------------------------------|---------------------------------|----------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|------------------------------------------|-------------------------|-------------------------|
| Unusable Reserves                        | Opening Balance<br>£000 | * Technical Adjustment<br>£000 | Balance at 1 April 2022<br>£000 | Other Comprehensive Income & Expenditure (CI&ES)<br>£000 | Adjustments to Revenue Resources<br>£000                | Adjustments between Revenue & Capital Resources<br>£000 | Adjustments to Capital Resources<br>£000 | Other Movements<br>£000 | Closing Balance<br>£000 |
| Revaluation Reserve                      | (173,709)               | 0                              | (173,709)                       | (62,464)                                                 | 0                                                       | 0                                                       | 0                                        | 6,559                   | (229,614)               |
| Capital Adjustment Account               | (212,994)               | 0                              | (212,994)                       | 0                                                        | 10,136                                                  | (16,252)                                                | (7,879)                                  | (6,327)                 | (233,316)               |
| Pensions Reserve                         | 247,726                 | 0                              | 247,726                         | (212,122)                                                | 18,121                                                  | 0                                                       | 0                                        | 0                       | 53,725                  |
| Financial Instruments Adjustment Account | 409                     | 0                              | 409                             | 0                                                        | (16)                                                    | 0                                                       | 0                                        | 0                       | 393                     |
| Deferred Capital Receipts Reserve        | (2,057)                 | (38)                           | (2,095)                         | 0                                                        | 0                                                       | 0                                                       | 300                                      | 0                       | (1,795)                 |
| Accumulated Absences Account             | 3,196                   | 0                              | 3,196                           | 0                                                        | 960                                                     | 0                                                       | 0                                        | 0                       | 4,156                   |
| <b>Total Unusable Reserves</b>           | <b>(137,429)</b>        | <b>(38)</b>                    | <b>(137,467)</b>                | <b>(274,586)</b>                                         | <b>29,201</b>                                           | <b>(16,252)</b>                                         | <b>(7,579)</b>                           | <b>232</b>              | <b>(406,451)</b>        |

\* Adjustment relating to previous years' opening balance of deferred capital receipt.

| 2021/22                                  |                         |                                |                                 |                                                          | Adjustments between Accounting & Funding Basis (Note 6) |                                                         |                                          |                         |                         |
|------------------------------------------|-------------------------|--------------------------------|---------------------------------|----------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|------------------------------------------|-------------------------|-------------------------|
| <b>Unusable Reserves</b>                 | Opening Balance<br>£000 | * Technical Adjustment<br>£000 | Balance at 1 April 2021<br>£000 | Other Comprehensive Income & Expenditure (CI&ES)<br>£000 | Adjustments to Revenue Resources<br>£000                | Adjustments between Revenue & Capital Resources<br>£000 | Adjustments to Capital Resources<br>£000 | Other Movements<br>£000 | Closing Balance<br>£000 |
| Revaluation Reserve                      | (108,234)               | 0                              | (108,234)                       | (73,036)                                                 | 0                                                       | 0                                                       | 0                                        | 7,561                   | (173,709)               |
| Capital Adjustment Account               | (168,357)               | 1,296                          | (167,061)                       | 0                                                        | (11,011)                                                | (16,790)                                                | (10,571)                                 | (7,561)                 | (212,994)               |
| Pensions Reserve                         | 307,532                 | 110                            | 307,642                         | (75,593)                                                 | 15,677                                                  | 0                                                       | 0                                        | 0                       | 247,726                 |
| Financial Instruments Adjustment Account | 424                     | 0                              | 424                             | 0                                                        | (15)                                                    | 0                                                       | 0                                        | 0                       | 409                     |
| Deferred Capital Receipts Reserve        | (500)                   | (2,359)                        | (2,859)                         | 0                                                        | 0                                                       | 0                                                       | 802                                      | 0                       | (2,057)                 |
| Accumulated Absences Account             | 2,803                   | 0                              | 2,803                           | 0                                                        | 393                                                     | 0                                                       | 0                                        | 0                       | 3,196                   |
| <b>Total Unusable Reserves</b>           | <b>33,668</b>           | <b>(953)</b>                   | <b>32,715</b>                   | <b>(148,629)</b>                                         | <b>5,044</b>                                            | <b>(16,790)</b>                                         | <b>(9,769)</b>                           | <b>0</b>                | <b>(137,429)</b>        |

\* Adjustments have been made to account for the pension liability relating to Denbighshire County Council's share of the North Wales Economic Ambition Board pension liability £110k and treatment of a deferred capital receipt (£1,063k).

**23. Cash Flow Statement - Operating Activities**

| <b>2021/22<br/>£000</b> |                                                                                                                                                | <b>2022/23<br/>£000</b> |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>(37,546)</b>         | <b>Net (Surplus) or Deficit on the Provision of Services</b>                                                                                   | <b>8,096</b>            |
|                         | <b>Adjustments to Net Surplus or Deficit on the Provision of Services for non-cash movements</b>                                               |                         |
| 322                     | Opening Balance                                                                                                                                | (347)                   |
| (422)                   | Increase/(Decrease) in Long Term Debtors                                                                                                       | (310)                   |
| 15,579                  | Increase/(Decrease) in Debtors/Payments in Advance                                                                                             | 4,141                   |
| (10,769)                | (Increase)/Decrease in Creditors/Receipts in Advance                                                                                           | 16,225                  |
| 55                      | (Increase)/Decrease in Loan Interest Accrual                                                                                                   | (223)                   |
| (348)                   | Transfers (to)/from Provisions                                                                                                                 | (892)                   |
| (97)                    | Bad Debt Provision                                                                                                                             | (632)                   |
| (528)                   | Depreciation & Impairment                                                                                                                      | (31,836)                |
| (2,674)                 | Revaluation Losses on Property, Plant & Equipment                                                                                              | 7,798                   |
| (136)                   | Movements in Market Value of Investment Property                                                                                               | (147)                   |
| (15,676)                | Pension Fund Adjustments                                                                                                                       | (18,121)                |
| 18,783                  | Other                                                                                                                                          | 15,474                  |
|                         | <b>Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing &amp; Financing Activities</b> |                         |
| 4,130                   | Sale of Property, Plant & Equipment                                                                                                            | 1,113                   |
| <b>(29,327)</b>         | <b>Net cash flows from Operating Activities</b>                                                                                                | <b>339</b>              |

The cash flows for Operating Activities include the following items:

| <b>2021/22<br/>£000</b> |                   | <b>2022/23<br/>£000</b> |
|-------------------------|-------------------|-------------------------|
| (89)                    | Interest received | (529)                   |
| 9,126                   | Interest paid     | 9,290                   |

**24. Cash Flow Statement - Investing Activities**

| <b>2021/22<br/>£000</b> |                                                                                                | <b>2022/23<br/>£000</b> |
|-------------------------|------------------------------------------------------------------------------------------------|-------------------------|
| 48,623                  | Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets               | 58,438                  |
| 343,800                 | Purchase of short-term & long-term investments                                                 | 405,500                 |
| 162                     | Other payments for Investing Activities                                                        | 363                     |
| (4,130)                 | Proceeds from the sale of Property, Plant & Equipment, Investment Property & Intangible Assets | (1,113)                 |
| (331,400)               | Proceeds from short-term & long-term investments                                               | (410,400)               |
| (25,382)                | Other receipts from Investing Activities                                                       | (22,941)                |
| <b>31,673</b>           | <b>Net cash flows from Investing Activities</b>                                                | <b>29,847</b>           |

**25. Cash Flow Statement - Financing Activities**

| <b>2021/22<br/>£000</b> |                                                   | <b>2022/23<br/>£000</b> |
|-------------------------|---------------------------------------------------|-------------------------|
| (25,156)                | Cash receipts of short-term & long-term borrowing | (90,110)                |
| (5,661)                 | Other receipts from Financing Activities          | (4,011)                 |
| 25,484                  | Repayments of short-term & long-term borrowing    | 63,427                  |
| <b>(5,333)</b>          | <b>Net cash flows from Financing Activities</b>   | <b>(30,694)</b>         |

**26. Reconciliation of Liabilities Arising from Financing Activities**

|                                                        | <b>2022/23<br/>1 April</b> | <b>Financing<br/>Cash Flows</b> | <b>Non-cash<br/>changes</b> |                                                | <b>2022/23<br/>31 March</b> |
|--------------------------------------------------------|----------------------------|---------------------------------|-----------------------------|------------------------------------------------|-----------------------------|
|                                                        | <b>£000</b>                | <b>£000</b>                     | <b>Acquisition<br/>£000</b> | <b>Other<br/>Non-cash<br/>changes<br/>£000</b> | <b>£000</b>                 |
| Long-term borrowings                                   | (202,539)                  | (19,864)                        |                             |                                                | (222,403)                   |
| Short-term borrowings                                  | (32,747)                   | (6,819)                         |                             |                                                | (39,566)                    |
| <b>Total liabilities from<br/>Financing Activities</b> | <b>(235,286)</b>           | <b>(26,683)</b>                 | <b>0</b>                    | <b>0</b>                                       | <b>(261,969)</b>            |

**27. Pooled Budgets****Pooled Budgets for Health and Social Care**

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1 April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement (2019/20 to 2022/23). The transactions for Denbighshire County Council only are included in the Community Support Services line of the Comprehensive Income and Expenditure Statement.

Income and expenditure for these pooled budget arrangements for the year ending 31 March 2023 are as follows; the contributions for Q4 are included for information only and have not been accrued in each partner's accounts. As per the Partnership Agreement, payments will be made in arrears during 2023/24:

| <b>2021/22<br/>£000</b> |                                                 | <b>2022/23<br/>£000</b> |
|-------------------------|-------------------------------------------------|-------------------------|
|                         | <b>Expenditure</b>                              |                         |
| 98,982                  | Care Home costs                                 | 111,032                 |
| <b>98,982</b>           | <b>Total Expenditure</b>                        | <b>111,032</b>          |
|                         | <b>Funding</b>                                  |                         |
| (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)                 | Gwynedd County Council                          | (11,214)                |
| (5,209)                 | Isle of Anglesey County Council                 | (5,708)                 |
| (35,657)                | Betsi Cadwaladr University Health Board         | (43,020)                |
| <b>(98,982)</b>         | <b>Total Funding</b>                            | <b>(111,032)</b>        |
| <b>0</b>                | <b>(Surplus)/Deficit transferred to Reserve</b> | <b>0</b>                |

### Other Pooled Budget Arrangements

The Council has entered into two other smaller pooled budget arrangements, both with Betsi Cadwaladr University Health Board.

The first one is for the provision of a Community Equipment store and is hosted by Denbighshire County Council.

The aim of the second pooled budget arrangement is the integrated service provision of Health and Social Care support workers, who support service users in the community. The Council is the host Partner for the arrangement and acts as lead commissioner or provider of the services.

Further information about these other arrangements is contained in Note 32.

## 28. Members' Allowances

All members are paid a basic salary per annum. Some members also undertake senior roles and therefore receive a senior salary. All salary levels are set by a national body called the Independent Remuneration Panel. The Council paid the following amounts to members of the Council during the year:

| <b>2021/22<br/>£000</b> |              | <b>2022/23<br/>£000</b> |
|-------------------------|--------------|-------------------------|
| 866                     | Salaries     | 1,000                   |
| 1                       | Expenses     | 5                       |
| <b>867</b>              | <b>Total</b> | <b>1,005</b>            |

**29. Officers' Remuneration**

- a) Number of employees whose remuneration, excluding pension contributions, was £60,000 or more

| 2021/22<br>Total<br>Employees | Remuneration Band   | 2022/23                  |                         |                    |                        |
|-------------------------------|---------------------|--------------------------|-------------------------|--------------------|------------------------|
|                               |                     | School<br>Based<br>Staff | Non-<br>School<br>Staff | Total<br>Employees | Left<br>During<br>Year |
| 17                            | £60,000 - £64,999   | 24                       | 11                      | 35                 | 1                      |
| 11                            | £65,000 - £69,999   | 11                       | 3                       | 14                 | 0                      |
| 8                             | £70,000 - £74,999   | 8                        | 2                       | 10                 | 1                      |
| 3                             | £75,000 - £79,999   | 7                        | 3                       | 10                 | 0                      |
| 1                             | £80,000 - £84,999   | 2                        | 3                       | 5                  | 0                      |
| 4                             | £85,000 - £89,999   | 2                        | 0                       | 2                  | 0                      |
| 5                             | £90,000 - £94,999   | 2                        | 4                       | 6                  | 0                      |
| 1                             | £95,000 - £99,999   | 1                        | 1                       | 2                  | 0                      |
| 0                             | £100,000 - £104,999 | 1                        | 2                       | 3                  | 0                      |
| 1                             | £105,000 - £109,999 | 0                        | 0                       | 0                  | 0                      |
| 3                             | £110,000 - £114,999 | 0                        | 1                       | 1                  | 0                      |
| 0                             | £115,000 - £119,999 | 1                        | 0                       | 1                  | 0                      |
| 0                             | £120,000 - £124,999 | 1                        | 0                       | 1                  | 0                      |
| 1                             | £125,000 - £129,999 | 1                        | 0                       | 1                  | 0                      |
| 0                             | £130,000 - £134,999 | 0                        | 0                       | 0                  | 0                      |
| 0                             | £135,000 - £149,999 | 0                        | 1                       | 1                  | 0                      |
| 1                             | £240,000 - £249,999 | 0                        | 0                       | 0                  | 0                      |
| <b>56</b>                     | <b>Total</b>        | <b>61</b>                | <b>31</b>               | <b>92</b>          | <b>2</b>               |

It should be noted that this table includes the Senior Officers detailed in the following table.

A number of officers left during the year, therefore their remuneration will contain any payments receivable on the termination of their employment.

- b) The following tables set out the remuneration disclosures for Senior officers whose salary is less than £150,000 but equal to or more than £60,000 per year. There are no Senior Officers whose salary is £150,000 or more.

| Post title                                                                         | Year    | Salary, fees, & allowances<br>£ | Compensation for Loss of Office<br>£ | Total excluding pension contributions<br>£ | Employer's pension contributions<br>£ | Total<br>£ |
|------------------------------------------------------------------------------------|---------|---------------------------------|--------------------------------------|--------------------------------------------|---------------------------------------|------------|
| Chief Executive                                                                    | 2022/23 | 137,185                         | 0                                    | 137,185                                    | 32,924                                | 170,109    |
| Chief Executive from 01/08/21 Note 1                                               | 2021/22 | 89,492                          | 0                                    | 89,492                                     | 21,478                                | 110,970    |
| Chief Executive to 06/04/21 Note 1                                                 | 2021/22 | 2,272                           | 0                                    | 2,272                                      | 545                                   | 2,817      |
| Corporate Director - Economy & Environment from 01/09/22 Note 4                    | 2022/23 | 64,697                          | 0                                    | 64,697                                     | 15,527                                | 80,224     |
| Corporate Director: Economy & Public Realm to 31/07/21 Note 1                      | 2021/22 | 37,443                          | 0                                    | 37,443                                     | 8,986                                 | 46,429     |
| Corporate Director: Communities                                                    | 2022/23 | 114,255                         | 0                                    | 114,255                                    | 27,421                                | 141,676    |
|                                                                                    | 2021/22 | 112,330                         | 0                                    | 112,330                                    | 26,959                                | 139,289    |
| Corporate Director: Governance & Business from 01/09/22 Note 5                     | 2022/23 | 64,697                          | 0                                    | 64,697                                     | 15,527                                | 80,224     |
| Head of Legal, HR & Democratic Services to 31/08/22 Note 5                         | 2022/23 | 39,182                          | 0                                    | 39,182                                     | 9,404                                 | 48,586     |
| Head of Legal, HR & Democratic Services                                            | 2021/22 | 92,111                          | 0                                    | 92,111                                     | 22,107                                | 114,218    |
| Head of Business Improvement & Modernisation                                       | 2021/22 | 92,111                          | 0                                    | 92,111                                     | 22,092                                | 114,203    |
| Interim Head of Highways, Facilities & Environmental Services from 05/09/22 Note 4 | 2022/23 | 50,868                          | 0                                    | 50,868                                     | 12,208                                | 63,076     |
| Head of Highways, Facilities & Environmental Services to 31/08/22 Note 4           | 2022/23 | 39,182                          | 0                                    | 39,182                                     | 9,404                                 | 48,586     |
| Head of Highways, Facilities & Environmental Services                              | 2021/22 | 92,111                          | 0                                    | 92,111                                     | 22,107                                | 114,218    |
| Head of Communities & Customers                                                    | 2022/23 | 94,036                          | 0                                    | 94,036                                     | 20,375                                | 114,411    |
|                                                                                    | 2021/22 | 91,420                          | 0                                    | 91,420                                     | 19,747                                | 111,167    |
| Head of Planning, Public Protection & Countryside Services                         | 2022/23 | 94,036                          | 0                                    | 94,036                                     | 22,569                                | 116,605    |
|                                                                                    | 2021/22 | 92,111                          | 0                                    | 92,111                                     | 22,107                                | 114,218    |

| Post title                                                                                     | Year    | Salary, fees, & allowances<br>£ | Compensation<br>for Loss of<br>Office<br>£ | Total<br>excluding<br>pension<br>contributions<br>£ | Employer's<br>pension<br>contributions<br>£ | Total<br>£ |
|------------------------------------------------------------------------------------------------|---------|---------------------------------|--------------------------------------------|-----------------------------------------------------|---------------------------------------------|------------|
| Head of Finance & Property                                                                     | 2022/23 | 94,036                          | 0                                          | 94,036                                              | 22,569                                      | 116,605    |
|                                                                                                | 2021/22 | 90,728                          | 0                                          | 90,728                                              | 21,775                                      | 112,503    |
| Joint Head of Service for Education & Children's (Education)                                   | 2022/23 | 91,972                          | 0                                          | 91,972                                              | 22,073                                      | 114,045    |
| Joint Head of Service for Education & Children's (Education) from 29/09/21 Note 3              | 2021/22 | 84,358                          | 0                                          | 84,358                                              | 20,246                                      | 104,604    |
| Joint Head of Service for Education & Children's (Children's Social Care)                      | 2022/23 | 91,972                          | 0                                          | 91,972                                              | 22,073                                      | 114,045    |
| Joint Head of Service for Education & Children's (Children's Social Care) from 29/09/21 Note 3 | 2021/22 | 78,252                          | 0                                          | 78,252                                              | 18,699                                      | 96,951     |
| Head of Community Support Services to 31/12/21 Note 2                                          | 2021/22 | 69,083                          | 0                                          | 69,083                                              | 16,580                                      | 85,663     |
| Joint Interim Head of Community Support Services Note 2                                        | 2022/23 | 80,836                          | 0                                          | 80,836                                              | 19,401                                      | 100,237    |
| Joint Interim Head of Community Support Services Note 2                                        | 2022/23 | 80,836                          | 0                                          | 80,836                                              | 19,401                                      | 100,237    |
| Joint Interim Head of Community Support Services from 01/11/21 Note 2                          | 2021/22 | 33,109                          | 0                                          | 33,109                                              | 7,946                                       | 41,055     |
| Joint Interim Head of Community Support Services from 01/11/21 Note 2                          | 2021/22 | 32,880                          | 0                                          | 32,880                                              | 7,891                                       | 40,771     |

**Note 1**

The Chief Executive left the Council on the 6th April 2021. Transitional arrangements were put in place whereby the two Corporate Directors took over leadership responsibilities until the appointment of a new Chief Executive from 1st August 2021. The successful applicant to that post was the Corporate Director: Economy & Public Realm.

**Note 2**

The Head of Community Support Services left the Authority on 31st December 2021. As from 1st November 2021 two joint Interim Heads of Community Support Services are covering the responsibilities for this post.

**Note 3**

Following an external recruitment campaign, both the Interim Head of Education Services and the Interim Head of Children's Services were appointed as Joint Heads of Service for Education & Children's from 29th September 2021.

**Note 4**

Following an external recruitment campaign to the role of Corporate Director - Economy & Environment, the Head of Highways, Facilities & Environmental was appointed from 1st September 2022. As from 5th September 2022, an Interim Head of Highways, Facilities & Environmental is covering the responsibilities of this post.

**Note 5**

Following an external recruitment campaign to the role of Corporate Director - Governance & Business, the Head of Legal, HR & Democratic was appointed from 1st September 2022.

**Note 6**

The Chief Executive, Corporate Director: Communities and Head of Legal, HR & Democratic Services have received remuneration for their roles as Returning Officer and Deputy Returning Officer for local and national elections (with costs reimbursed for all with exception of County Council elections).

2021/22: The Chief Executive received £170 plus superannuation costs of £41.

The Corporate Director: Communities received £3,441 plus superannuation costs of £302, which were fully reimbursed.

The Head of Legal, HR & Democratic Services received £1,960, with reimbursement of £1,759.

2022/23: The Chief Executive received £11,440 plus superannuation costs of £2,664, with reimbursement of £5,720.

The Head of Legal, HR & Democratic Services received £6,920, with reimbursement of £3,460.

These payments are not included in the analysis presented.

- c) 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:

| Exit package cost band (including special payments) | Number of compulsory |          | Number of other |           | Total number of exit |           | Total cost of exit packages |                 |
|-----------------------------------------------------|----------------------|----------|-----------------|-----------|----------------------|-----------|-----------------------------|-----------------|
|                                                     | 2021/22              | 2022/23  | 2021/22         | 2022/23   | 2021/22              | 2022/23   | 2021/22                     | 2022/23         |
| £0 - £40,000                                        | 9                    | 7        | 20              | 13        | 29                   | 20        | £204,903                    | £179,854        |
| £40,001 - £80,000                                   | 2                    | 0        | 0               | 0         | 2                    | 0         | £138,111                    | £0              |
| £80,001 - £120,000                                  | 1                    | 0        | 0               | 0         | 1                    | 0         | £84,508                     | £0              |
| <b>Total</b>                                        | <b>12</b>            | <b>7</b> | <b>20</b>       | <b>13</b> | <b>32</b>            | <b>20</b> | <b>£427,522</b>             | <b>£179,854</b> |

The costs shown in the table above include relevant redundancy costs and all other departure costs. These include the cost of pension strain. Pension strain arises when an employee retires early without actuarial reduction of pension. Pension strain is payable over three years but the Council elects to pay these costs in the first year of retirement.

The bandings have been revised and combined in line with Code requirements to ensure that individual exit packages cannot be identified.

- d) Reporting bodies are required to disclose a remuneration ratio between the median remuneration of all the authority's employees during the year and that of the authority's Chief Executive. The remuneration of the Chief Executive in 2022/23 was £137,185. The median remuneration of the workforce was £25,878. The ratio was therefore 5.30:1 (5.52:1 in 2021/22 - restated as incorrectly stated in 2021/22 Statement of Accounts). In 2022/23, remuneration for staff ranged from £9,280 to £125,211. The remuneration includes salary and does not include severance payments or employer contributions.

### 30. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and performance audit work provided by the authority's external auditors:

| 2021/22<br>£000 |                                                                                                                                                                             | 2022/23<br>£000 |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 284             | Fees payable to the Auditor General for Wales with regard to external audit services carried out under the Code of Audit Practice prepared by the Auditor General for Wales | 316             |
| 48              | Fees payable to the Auditor General for Wales for the certification of grant claims & returns                                                                               | 1               |
| 0               | Fees payable in respect of any other services provided by the appointed auditor over & above the duties described above                                                     | 0               |
| <b>332</b>      | <b>Total External Audit Costs</b>                                                                                                                                           | <b>317</b>      |

### 31. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2022/23:

| 2021/22<br>£000 |                                                                          | 2022/23<br>£000 |
|-----------------|--------------------------------------------------------------------------|-----------------|
|                 | <b>Credited to Taxation &amp; Non-specific Grant Income</b>              |                 |
| (1,571)         | Other Grants and Contributions                                           | (2,246)         |
| (2,410)         | Contributions to Waste Project                                           | (89)            |
| (3,288)         | Welsh Government - HRA Optimised Retrofit Programme                      | (651)           |
| (2,707)         | Welsh Government - Flood alleviation and Coastal Defence Grants          | (1,648)         |
| (5,398)         | Welsh Government - General Capital Grant and Additional Capital Grant    | (2,082)         |
| (1,922)         | Welsh Government - Targeted Regeneration Investment (TRI) Programme      | (3,350)         |
| (3,341)         | Welsh Government - MRA, IHG and other Housing Grants                     | (2,373)         |
| (859)           | Welsh Government - 21st Century Schools Grant and Welsh Medium Grant     | (1,203)         |
| 0               | Welsh Government - Additional Learning Needs                             | (688)           |
| (1,213)         | Welsh Government - Active Travel                                         | (500)           |
| (63)            | Welsh Government - February 2020 Floods and Resilient Roads Fund         | 0               |
| 0               | Welsh Government - Collaborative Change Programme and Waste Grants       | (676)           |
| (791)           | Welsh Government - Public Highways Refurbishment Grant                   | 0               |
| (1,504)         | Welsh Government - Schools Maintenance Grant                             | (2,406)         |
| 0               | Welsh Government - miscellaneous HRA grants                              | (2,733)         |
| 0               | Welsh Government - Childcare Offer Capital Grant                         | (1,014)         |
| (1,440)         | Other Welsh Government grants                                            | (1,801)         |
| <b>(26,507)</b> | <b>Total Grants Credited to Taxation &amp; Non-specific Grant Income</b> | <b>(23,460)</b> |

| 2021/22<br>£000 |                                                                      | 2022/23<br>£000 |
|-----------------|----------------------------------------------------------------------|-----------------|
|                 | <b>Credited to Services</b>                                          |                 |
| (4,070)         | Welsh Government Sixth Forms Grant                                   | (4,243)         |
| (2,082)         | Welsh Government Flying Start Grant                                  | (2,432)         |
| (1,137)         | Welsh Government Families First Grant                                | (1,218)         |
| 0               | Welsh Government Revenue Maintenance Grant                           | 0               |
| 0               | Recruit, Recover & Raise Standards Grant                             | (1,270)         |
| (6,833)         | Other Education grants from Welsh Government                         | (3,658)         |
| (7,313)         | Welsh Government Supporting People Grant                             | (7,443)         |
| (3,313)         | Welsh Government AHW Social Services Support                         | (1,493)         |
| (3,338)         | Other Social Services grants from Welsh Government                   | (2,590)         |
| 0               | Welsh Government Free School Meals - Holiday Provision Grant         | (1,271)         |
| 0               | Welsh Government Homelessness Policy Development & Delivery Grant    | (1,103)         |
| (1,830)         | Welsh Government Concessionary Fares Grant                           | (1,221)         |
| 0               | Welsh Government Homes for Ukraine                                   | (2,918)         |
| (6,107)         | Other Welsh Government grants                                        | (4,190)         |
|                 | Covid Related:                                                       |                 |
| 0               | Council Tax Reduction Scheme Grant                                   | 0               |
| (8,423)         | Hardship Fund                                                        | (571)           |
| (3,731)         | Loss of Income Grant                                                 | (0)             |
| (226)           | Bus Emergency Support Funding                                        | (1,348)         |
| (1,731)         | Other Covid Related Grants                                           | (241)           |
| (50,134)        | <b>Total Welsh Government grants</b>                                 | <b>(37,209)</b> |
| (3,970)         | Pupil Development Grant                                              | (3,990)         |
| (4,279)         | Education Improvement Grant                                          | (3,861)         |
| (16,481)        | DWP Rent Allowances Subsidy                                          | (15,788)        |
| (7,828)         | DWP Rent Rebates Subsidy                                             | (7,648)         |
| (326)           | DWP Housing Benefit/Council Tax Benefit Admin Grant                  | (328)           |
| (3,955)         | Various grants received from Betsi Cadwaladr University Health Board | (5,948)         |
| (7,389)         | Other Government grants                                              | (5,463)         |
| (94,362)        | <b>Total Government grants</b>                                       | <b>(80,234)</b> |
| (230)           | Other non-government grants                                          | (280)           |
| <b>(94,592)</b> | <b>Total Grants Credited to Services</b>                             | <b>(80,514)</b> |

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 would require the monies or property to be returned to the giver should any such stipulations not be satisfied. The balances at the year-end are shown in the following table.

| 2021/22<br>£000 |                                                                                               | 2022/23<br>£000 |
|-----------------|-----------------------------------------------------------------------------------------------|-----------------|
| (3,440)         | Capital Grants Receipts in Advance:<br>Commuted Sums                                          | (7,021)         |
| (4,513)         | North Wales Economic Ambition Board      Denbighshire County Council share of Joint Committee | (3,495)         |
| <b>(7,953)</b>  |                                                                                               | <b>(10,516)</b> |
| (476)           | Revenue Grants Receipts in Advance:<br>Welsh Government LG Roads Maintenance                  | (476)           |
| (394)           | Education Grants                                                                              | (527)           |
| (291)           | Supporting People                                                                             | (291)           |
| 0               | Transformation Fund                                                                           | 0               |
| (95)            | WEFO West Wales ESF                                                                           | (23)            |
| (72)            | Covid Loss of Income                                                                          | 0               |
| 0               | Concessionary Fares                                                                           | (508)           |
| (86)            | Other                                                                                         | (60)            |
| (1,104)         | Community Renewals Fund                                                                       | (105)           |
| (1,078)         | DWP                                                                                           | (694)           |
| (481)           | North Wales & Mid-Wales Trunk Road Agency                                                     | (292)           |
| (15)            | Pupil Development Grant                                                                       | (15)            |
| (152)           | Other Non-government grants                                                                   | (111)           |
| <b>(4,244)</b>  | <b>Total Revenue Grants Receipts in Advance</b>                                               | <b>(3,102)</b>  |

## 32. 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 deal freely with the Council.

### Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the authority operates, 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 government departments are set out in more detail in Note 31.

### Elected Members

All current Elected Members were asked to complete a declaration and to disclose any related party transactions with the authority. A declaration was received from all of the Elected Members.

Members have declared a direct service provision to the Council, or a link to companies, charitable or voluntary bodies which may have dealings with the Council during 2022/23;

|                                                                     | Payments<br>Made in<br>2022/23<br>£000 | Amounts<br>owed by the<br>Council at<br>31 March<br>2023<br>£000 |
|---------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------|
| <b>Provision of Services to Council</b>                             |                                        |                                                                  |
| Provision of Fostering Service                                      | 28                                     | 0                                                                |
| <b>Interest in companies, charitable or voluntary bodies</b>        |                                        |                                                                  |
| Close relation is Director of WillSky Ltd                           | 5                                      | 1                                                                |
| Independent Trustee with Denbighshire Voluntary Service Council     | 386                                    | 0                                                                |
| Secretary of Conwy & Denbighshire Mental Health Advocacy Service Lt | 40                                     | 5                                                                |
| Chair of Denbighshire Music Board                                   | 390                                    | 0                                                                |
| Trustee of Denbigh Youth Project                                    | 191                                    | 0                                                                |
| Owner of Day Nursery                                                | 44                                     | 3                                                                |
| Trustee South Denbighshire Community Partnership                    | 33                                     | 0                                                                |
| Director Menter Iaith Sir Ddinbych                                  | 18                                     | 1                                                                |
| Director Cadwyn Clwyd                                               | 423                                    | 0                                                                |

A list of Elected Members' interests is maintained by the Head of Legal, HR & Democratic Services and is open for public inspection. A number of Elected Members are also appointed by the Council to serve on other bodies that have a financial relationship with the Council.

### **Officers**

The Chief Executive, Corporate Directors and Heads of Service were all asked to complete a declaration to disclose any related party transactions they have with the authority. There were no material declarations made for 2022/23.

### **Other Public Bodies**

#### **Teachers' Pension Agency**

The pension costs charged are the contribution rate set by the Department for Education on the basis of a notional fund. Teachers' pension details are set out in Note 35.

#### **Clwyd Pension Fund**

Denbighshire County Council is an admitted body of the Clwyd Pension Fund. Details of transactions undertaken with the Clwyd Pension Fund are included within Note 36.

#### **Community, Town & City Councils**

Total precepts paid to the 37 community, town and city councils are included in Note 7 and amounted to £2,336k (£2,238k in 2021/22).

#### **North Wales Police & Crime Commissioner and North Wales Fire Authority**

Police & Crime Commissioners and Fire & Rescue Authorities set their own charges to council tax payers, which are then included on the council tax bill - these charges are known

as the precept. Total precepts and levies paid to the North Wales Police & Crime Commissioner and the North Wales Fire Authority amounted to £18,256k (£17,447k in 2021/22). A breakdown is provided in Note 7.

### **Betsi Cadwaladr University Health Board**

The authority has three pooled budget arrangements with Betsi Cadwaladr University Health Board details of which are set out in Note 27. Denbighshire County Council's contribution to the largest, in respect of the provision of care home accommodation for older people, was £10,236k (£9,430k in 2021/22). The authority's contribution to the Community Equipment Store was £270k (£219k in 2021/22) and £50k was contributed to the Health and Social Care Support Workers Service (£50k in 2021/22).

### **Local Government Association (LGA)/ Welsh Local Government Association (WLGA)**

The Council is a member of the LGA/WLGA to which payments of £115k were made in 2022/23 (£82k in 2021/22). The Council received £982k from LGA/WLGA in 2022/23 (£907k received in 2021/22).

### **Welsh Joint Education Committee (WJEC)**

The WJEC is an examination board, providing qualifications and exam assessment to Denbighshire schools. In 2022/23 Denbighshire County Council made payments of £799k and owed £25k at year-end to the WJEC (£376k was paid in 2021/22 and £11k owed).

### **Local Government Data Unit - Wales**

Within 2022/23 expenditure of £28k was undertaken with Denbighshire County Council (£28k in 2021/22).

### **Companies**

The accounting Code of Practice requires that where an authority has material interests in one or more subsidiary and associated companies, it should prepare a group revenue account and balance sheet.

Denbighshire County Council established a wholly owned Local Authority Trading Company known as Denbighshire Leisure Ltd which became operational in April 2020. The Board of Directors is composed of the Company's Managing Director, two Independent Directors, a Denbighshire County Council Corporate Director and three of the elected members.

Group Accounts have been prepared to combine the Council's financial statements with those of Denbighshire Leisure Ltd.

## **33. Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the following table (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.

| 2021/22<br>£000 |                                                       | 2022/23<br>£000 |
|-----------------|-------------------------------------------------------|-----------------|
| 284,311         | <b>Opening Capital Financing Requirement</b>          | 289,250         |
| 2,359           | Technical Adjustment *                                | 0               |
|                 | <b>Capital Investment</b>                             |                 |
| 47,150          | Property, Plant & Equipment                           | 57,166          |
| 24              | Investment Properties                                 | 146             |
| 4,085           | Revenue Expenditure Funded from Capital Under Statute | 3,991           |
|                 | <b>Sources of Finance</b>                             |                 |
| (5,765)         | Capital Receipts                                      | (641)           |
| (25,345)        | Government grants & other contributions               | (27,367)        |
|                 | Sums set aside from revenue:                          |                 |
| (5,249)         | Direct revenue contributions                          | (3,967)         |
| (12,320)        | MRP & Long-term Debtors                               | (12,666)        |
| 289,250         | <b>Closing Capital Financing Requirement</b>          | 305,912         |

| 2021/22<br>£000 | Explanation of movements in year                                                       | 2022/23<br>£000 |
|-----------------|----------------------------------------------------------------------------------------|-----------------|
| 2,359           | Technical Adjustment *                                                                 | 0               |
| 0               | Increase in underlying need to borrow (supported by government financial assistance)   | 8,216           |
| 15,202          | Increase in underlying need to borrow (unsupported by government financial assistance) | 21,412          |
| (12,320)        | MRP & Long-term Debtors                                                                | (12,666)        |
| (302)           | Set aside Capital Receipts                                                             | (300)           |
| 4,939           | <b>Increase/(decrease) in Capital Financing Requirement</b>                            | 16,662          |

\* Following a review, an adjustment was made relating to the treatment of the transfer of assets to Denbighshire Leisure Ltd in 2020-21

### 34. Leases

The Council leases in some properties, vehicles and items of equipment as well as leasing out some of the properties which it owns. The lease arrangements have been reviewed and classified as operating or finance leases as described in more detail below.

#### Rhyl Travelodge Leases

The Council sold a car park to a developer in Rhyl to construct a Travelodge hotel as part of the strategic objective to regenerate the Rhyl Waterfront. This development was completed by January 2019 and the developer leased the structure back to the Council over a 25 year period for an annual rental payment of £274k. The Council sub-leased the property to Travelodge for an annual rental payment of £305k. Both leases commenced on 18 January 2019 and the rental payments began from 19 July 2019 following a six month rent free period. The Council agreed to act as a guarantor between the funder and the hotel operator to secure this development by entering into these back-to-back lease agreements through the receipt of an annual profit rent of £31k. This profit will be placed into a reserve which will accrue funds to be used to mitigate the Council's future financial risk.

**Authority as Lessee**Finance Leases

The Council has some properties under finance leases.

The assets acquired under these leases are carried as Property, Plant & Equipment in the Balance Sheet at the following net amounts:

| <b>31/03/2022</b><br><b>£000</b> |                        | <b>31/03/2023</b><br><b>£000</b> |
|----------------------------------|------------------------|----------------------------------|
| 4,001                            | Other Land & Buildings | 4,568                            |

**Authority as Lessor**Operating Leases

The Council leases out properties under operating leases for various purposes such as economic development to provide units for local businesses. The future minimum lease payments receivable under non-cancellable leases in future years are:

| <b>31/03/2022</b><br><b>£000</b> |                                              | <b>31/03/2023</b><br><b>£000</b> |
|----------------------------------|----------------------------------------------|----------------------------------|
| 1,145                            | Not later than 1 year                        | 1,095                            |
| 4,020                            | Later than 1 year and not later than 5 years | 3,777                            |
| 6,640                            | Later than 5 years                           | 6,194                            |
| <b>11,805</b>                    |                                              | <b>11,066</b>                    |

**35. Pension Schemes Accounted for as Defined Contribution Schemes**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2022/23, the County Council paid £9,527k to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/22 were £8,882k and 23.68%. In addition, payments in respect of premature retirements were made of £357k (£354k in 2021/22). £1,145k remained payable at year end. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 36.

## 36. Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

- The Local Government Pension Scheme - this is a funded defined benefit pension scheme arrangement, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- 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 pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Clwyd Pension Fund is a multi-employer arrangement, under which each employer is responsible for the pension costs, liabilities and funding risks relating to its own employees and former employees.

Management of the Fund is vested in Flintshire County Council as Administering Authority of the Fund. The Council has established a Pension Fund Committee comprising of five Councillors of Flintshire County Council and four co-opted members.

The Committee, assisted by the Fund's professional advisors, carries out roles such as determining policies on investment strategy, governance administration, communications, funding strategy and risk management provisions.

For further details regarding the governance and investment principles of the Clwyd Pension Fund please refer to <https://mss.clwydpensionfund.org.uk/> or contact the Clwyd Pension Fund at:

Clwyd Pension Fund  
County Hall  
Mold  
Flintshire  
CH7 6NA

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

## Transactions Relating to Post-employment Benefits

We recognise 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 we are 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 Council Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and Council Fund Balance via the Movement in Reserves Statement during the year:

|                                                                                                        | Local Government Pension Scheme |                  | Discretionary Benefits Arrangements |                 |
|--------------------------------------------------------------------------------------------------------|---------------------------------|------------------|-------------------------------------|-----------------|
|                                                                                                        | 2021/22<br>£000                 | 2022/23<br>£000  | 2021/22<br>£000                     | 2022/23<br>£000 |
| <b>Comprehensive Income &amp; Expenditure Statement</b>                                                |                                 |                  |                                     |                 |
| <i>Cost of Services:</i>                                                                               |                                 |                  |                                     |                 |
| <i>Service cost comprising:</i>                                                                        |                                 |                  |                                     |                 |
| • Current Service Cost                                                                                 | 26,252                          | 29,988           |                                     |                 |
| • † Past Service Costs/(Gains)                                                                         | 347                             | 9                |                                     |                 |
| • (Gain)/Loss from Settlements                                                                         | 0                               | 0                |                                     |                 |
| <i>Other Operating Expenditure:</i>                                                                    |                                 |                  |                                     |                 |
| • Administration Expenses                                                                              | 531                             | 597              |                                     |                 |
| <i>Financing &amp; Investment Income and Expenditure</i>                                               |                                 |                  |                                     |                 |
| • Net Interest Expense                                                                                 | 6,109                           | 6,463            | 117                                 | 140             |
| <b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>   | <b>33,239</b>                   | <b>37,057</b>    | <b>117</b>                          | <b>140</b>      |
| <i>Other Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement:</i> |                                 |                  |                                     |                 |
| <i>Remeasurement of the net defined benefit liability comprising:</i>                                  |                                 |                  |                                     |                 |
| • * Return on Plan Assets (excluding the amount included in the Net Interest Expense) [A]              | (56,826)                        | 41,772           |                                     |                 |
| • * Actuarial (Gains) and Losses Arising on Changes in Demographic Assumptions [B]                     | (6,291)                         | (24,070)         | (48)                                | (375)           |
| • * Actuarial (Gains) and Losses Arising on Changes in Financial Assumptions [C]                       | (14,571)                        | (321,206)        | 34                                  | (765)           |
| • * Other [D]                                                                                          | 2,118                           | 92,132           | 16                                  | 434             |
| <b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>   | <b>(42,331)</b>                 | <b>(174,315)</b> | <b>119</b>                          | <b>(566)</b>    |
| <b>Movement in Reserves Statement</b>                                                                  |                                 |                  |                                     |                 |
| Reversal of net charges made to the Surplus of Deficit on the                                          |                                 |                  |                                     |                 |
| • Provision of Services for Post Employment Benefits in accordance with the Code                       | (33,239)                        | (37,057)         | (117)                               | (140)           |
| <i>Actual amount charged against the Council Fund Balance for pensions in the year</i>                 |                                 |                  |                                     |                 |
| • Employer's contributions payable to the scheme                                                       | 17,032                          | 18,367           |                                     |                 |
| • Retirement benefits payable to pensioners                                                            |                                 |                  | 680                                 | 635             |

\* A + B + C + D = Remeasurement of the Net Defined Benefit Liability/(Asset) as quoted in the Comprehensive Income & Expenditure Statement (£295,622k) 2022/23; (£75,568k) 2021/22

### North Wales Economic Ambition Board

The Council currently participates in the North Wales Economic Ambition Board Joint Committee along with neighbouring North Wales authorities. The breakdown of Denbighshire's share of transactions relating to the joint committee defined benefit pension scheme is not included in the tables within this disclosure.

Denbighshire's share of post employment benefits charged to the Surplus or Deficit on the Provision of Services amounted to (£73k) in 2022/23.

The amount of post employment benefits charged to the Comprehensive Income and Expenditure Statement was (£43k).

The opening balance of the net liability arising from the defined benefit obligation was £116k resulting in a closing liability of £0k relating to the North Wales Economic Ambition Board within the accounts of Denbighshire County Council.

Further information regarding the North Wales Economic Ambition Board Statement of Accounts can be found at:

[North Wales Economic Ambition Board](#)

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

|                                                              | Local Government Pension Scheme |                 | Discretionary Benefits Arrangements |                 |
|--------------------------------------------------------------|---------------------------------|-----------------|-------------------------------------|-----------------|
|                                                              | 2021/22<br>£000                 | 2022/23<br>£000 | 2021/22<br>£000                     | 2022/23<br>£000 |
| Present value of the defined benefit obligation              | 814,286                         | 597,172         | 5,332                               | 4,131           |
| Fair value of plan assets                                    | (572,010)                       | (547,578)       |                                     |                 |
| Sub-total                                                    | 242,276                         | 49,594          | 5,332                               | 4,131           |
| Other movements in the liability (asset)                     |                                 |                 |                                     |                 |
| <b>Net liability arising from defined benefit obligation</b> | <b>242,276</b>                  | <b>49,594</b>   | <b>5,332</b>                        | <b>4,131</b>    |

### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

|                                                                                        | Local Government Pension Scheme |                 |
|----------------------------------------------------------------------------------------|---------------------------------|-----------------|
|                                                                                        | 2021/22<br>£000                 | 2022/23<br>£000 |
| Opening fair value of scheme assets                                                    | 504,254                         | 572,010         |
| Interest income                                                                        | 10,644                          | 16,106          |
| Administration expenses                                                                | (531)                           | (597)           |
| Remeasurement gain/(loss):                                                             |                                 |                 |
| • The return on plan assets, excluding the amount included in the net interest expense | 56,826                          | (41,772)        |
| • Other                                                                                | 0                               | 0               |
| The effect of changes in foreign exchange rates                                        |                                 |                 |
| Contributions from employer                                                            | 17,032                          | 18,367          |
| Contributions from employees into the scheme                                           | 4,160                           | 4,640           |
| Benefits paid                                                                          | (20,375)                        | (21,176)        |
| Other                                                                                  | 0                               | 0               |
| <b>Closing value of scheme assets</b>                                                  | <b>572,010</b>                  | <b>547,578</b>  |

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

|                                                                              | <b>Funded Liabilities</b>              |                         | <b>Unfunded Liabilities</b>                |                         |
|------------------------------------------------------------------------------|----------------------------------------|-------------------------|--------------------------------------------|-------------------------|
|                                                                              | <b>Local Government Pension Scheme</b> |                         | <b>Discretionary Benefits Arrangements</b> |                         |
|                                                                              | <b>2021/22<br/>£000</b>                | <b>2022/23<br/>£000</b> | <b>2021/22<br/>£000</b>                    | <b>2022/23<br/>£000</b> |
| Opening balance at 1 April                                                   | 805,893                                | 814,286                 | 5,893                                      | 5,332                   |
| Current service cost                                                         | 26,252                                 | 29,988                  |                                            |                         |
| Interest cost                                                                | 16,753                                 | 22,569                  | 117                                        | 140                     |
| Contributions from scheme participants                                       | 4,160                                  | 4,640                   |                                            |                         |
| Remeasurement (gains) and losses:                                            |                                        |                         |                                            |                         |
| • Actuarial (gains) and losses arising on changes in demographic assumptions | (6,291)                                | (24,070)                | (48)                                       | (375)                   |
| • Actuarial (gains) and losses arising on changes in financial assumptions   | (14,571)                               | (321,206)               | 34                                         | (765)                   |
| • Other                                                                      | 2,118                                  | 92,132                  | 16                                         | 434                     |
| Past service cost                                                            |                                        |                         |                                            |                         |
| Losses/(gains) on curtailment                                                | 347                                    | 9                       | 0                                          | 0                       |
| Liabilities assumed on entity combinations                                   |                                        |                         |                                            |                         |
| Benefits paid                                                                | (20,375)                               | (21,176)                | (680)                                      | (635)                   |
| Liabilities extinguished on settlement                                       | 0                                      | 0                       |                                            |                         |
| <b>Closing balance at 31 March</b>                                           | <b>814,286</b>                         | <b>597,172</b>          | <b>5,332</b>                               | <b>4,131</b>            |

**Local Government Pension Scheme Assets Comprised:**

|                                    | <b>Fair value of scheme assets</b> |                         |
|------------------------------------|------------------------------------|-------------------------|
|                                    | <b>2021/22<br/>£000</b>            | <b>2022/23<br/>£000</b> |
| <b>Cash &amp; cash equivalents</b> | <b>18,304</b>                      | <b>24,093</b>           |
| <b>Equities</b>                    |                                    |                         |
| • UK quoted                        | 0                                  | 0                       |
| • Global quoted                    | 61,205                             | 31,758                  |
| • Global unquoted                  | 0                                  | 0                       |
| • US                               | 0                                  | 0                       |
| • Japan                            | 0                                  | 0                       |
| • Europe                           | 0                                  | 0                       |
| • Emerging markets                 | 51,481                             | 27,926                  |
| • Frontier                         | 0                                  | 0                       |
| • Far East                         | 0                                  | 0                       |
| <b>Sub-total Equity</b>            | <b>112,686</b>                     | <b>59,684</b>           |
| <b>Bonds</b>                       |                                    |                         |
| • Overseas other bonds             | 57,201                             | 55,853                  |
| • LDI                              | 145,863                            | 150,584                 |
| <b>Sub-total Bonds</b>             | <b>203,064</b>                     | <b>206,437</b>          |
| <b>Property</b>                    |                                    |                         |
| • UK                               | 28,601                             | 29,022                  |
| • Overseas                         | 5,720                              | 4,381                   |
| <b>Sub-total Property</b>          | <b>34,321</b>                      | <b>33,403</b>           |
| <b>Alternatives</b>                |                                    |                         |
| • Hedge Funds                      | 37,181                             | 39,426                  |
| • Private equity                   | 60,633                             | 71,185                  |
| • Infrastructure                   | 27,456                             | 31,760                  |
| • Timber & Agriculture             | 2,860                              | 2,738                   |
| • Private credit                   | 12,012                             | 14,785                  |
| • DGF                              | 63,493                             | 64,067                  |
| <b>Sub-total Alternatives</b>      | <b>203,635</b>                     | <b>223,961</b>          |
| <b>Total Assets</b>                | <b>572,010</b>                     | <b>547,578</b>          |

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

|                                         | Local Government Pension Scheme |            | Discretionary Benefits Arrangements |            |
|-----------------------------------------|---------------------------------|------------|-------------------------------------|------------|
|                                         | 2021/22                         | 2022/23    | 2021/22                             | 2022/23    |
| Mortality assumptions                   |                                 |            |                                     |            |
| Longevity at 65 for current pensioners: |                                 |            |                                     |            |
| • Men                                   | 22.5 years                      | 21.4 years | 22.5 years                          | 21.4 years |
| • Women                                 | 24.9 years                      | 23.8 years | 24.9 years                          | 23.8 years |
| Longevity at 65 for future pensioners:  |                                 |            |                                     |            |
| • Men                                   | 24.0 years                      | 22.9 years |                                     |            |
| • Women                                 | 26.9 years                      | 25.6 years |                                     |            |
| Rate of inflation                       | 3.30%                           | 2.70%      | 3.50%                               | 2.70%      |
| Rate of increase in salaries            | 4.55%                           | 3.95%      |                                     |            |
| Rate of increase in pensions            | 3.40%                           | 2.80%      | 3.60%                               | 2.80%      |
| Rate of discounting scheme liabilities  | 2.80%                           | 4.80%      | 2.80%                               | 4.90%      |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes, for each change, that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analyses have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analyses below did not change from those used in the previous period.

| Change in assumptions at 31 March 2022                     | Impact on the Net Liability arising from the Defined Benefit Obligation in the Scheme |
|------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Longevity (increase in 1 year)                             | 12,520                                                                                |
| Rate of inflation (increase by 0.1%)                       | 25,342                                                                                |
| Rate of increase in salaries (increase by 0.1%)            | 3,923                                                                                 |
| Rate for discounting scheme liabilities (increase by 0.1%) | (46,905)                                                                              |
| Investment returns (decrease by 1%)                        | (5,508)                                                                               |

### Risks and Investment Strategy

The Fund maintains positions in a variety of financial instruments and is therefore exposed to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

The Administering Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The Pension Fund annually reviews its Investment Strategy Statement and corresponding Funding Strategy Statement, which set out the Pension Fund's policy on matters such as the type of investments to be held, balance

between types of investments, investment restrictions and the way risk is managed.

### **Impact on the Authority's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £13,202k expected contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2022/23 (17 years 2021/22).

### **37. Nature and Extent of Risks Arising from Financial Instruments**

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approved the Treasury Management Strategy for 2022/23 on 22 February 2022. 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 to 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 are 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 other parties might fail to pay amounts due to the Council.

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

**Market Risk:** The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

## **Credit Risk**

### **Investments**

The Council manages this risk by ensuring that investments are placed with central government, other local authorities or Banks and Building Societies having sufficiently high credit ratings as set out in the Treasury Management Strategy. A limit of £5,000k is placed on the amount of money that can be invested with a single counterparty. No more than £10,000k in total can be invested for a period longer than one year.

The Council has no historical experience of counterparty default. The Council uses a range of indicators in addition to credit ratings to decide who to invest with. These include Government guarantees, financial strength of the country and share prices. The Council and its treasury adviser will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure the security of the sums invested.

### **Debtors**

It is recognised that in the current economic environment there will be greater difficulty in collecting monies due, however the authority has previously invested in strong Credit Control methodology, with highly trained staff supported by effective procedures which should maintain cash flow and reduce the incidences of contractual delinquency.

The following table summarises the nominal value of the Council's investment portfolio at the end of the financial year.

|                    | Long-term Rating when Investment Made | Long-term Rating at 31/03/2023 | Balance Invested at 31/03/2023<br>£000 | Maturity Date      |                    |                    |                      |
|--------------------|---------------------------------------|--------------------------------|----------------------------------------|--------------------|--------------------|--------------------|----------------------|
|                    |                                       |                                |                                        | 0-3 Months<br>£000 | 4-6 Months<br>£000 | 7-9 Months<br>£000 | 10-12 Months<br>£000 |
| UK Banks NatWest   | A+                                    | A+                             | 4,900                                  | 4,900              |                    |                    |                      |
| UK Government Debt | AA-u                                  | AA-u                           | 19,300                                 | 19,300             |                    |                    |                      |
| Management Office  |                                       |                                |                                        |                    |                    |                    |                      |
| <b>Total</b>       |                                       |                                | <b>24,200</b>                          | <b>24,200</b>      | <b>0</b>           | <b>0</b>           | <b>0</b>             |

|                                         |    |                                                                                                                                                                                                                                     |
|-----------------------------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Definitions</b><br>Long-term Ratings | AA | <b>Very high credit quality</b><br>Expectation of very low credit risk.<br>Very strong capacity for payment of financial commitments, which is not significantly vulnerable to foreseeable events.                                  |
|                                         | A  | <b>High credit quality</b><br>Expectation of low credit risk.<br>Strong capacity for payment of financial commitments, which may be more vulnerable to adverse business or economic conditions than is the case for higher ratings. |

### Liquidity Risk

The Council has access to borrowing facilities from the Public Works Loans Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of the Council's PWLB and temporary debt at 31 March 2023 was as follows:

|                                                           | <b>Years</b>     | <b>31/03/2022<br/>£000</b> | <b>31/03/2023<br/>£000</b> | <b>%</b>      |
|-----------------------------------------------------------|------------------|----------------------------|----------------------------|---------------|
| <b>Short-term Borrowing</b><br><b>Long-term Borrowing</b> | Less than 1 year | (32,563)                   | (39,392)                   | 15.07         |
|                                                           | Over 1 under 6   | (35,303)                   | (43,835)                   | 16.76         |
|                                                           | Over 6 under 10  | (23,077)                   | (29,014)                   | 11.10         |
|                                                           | Over 10 under 15 | (35,016)                   | (47,247)                   | 18.07         |
|                                                           | Over 15 under 20 | (14,796)                   | (14,037)                   | 5.37          |
|                                                           | Over 20 under 25 | (6,000)                    | 0                          | 0.00          |
|                                                           | Over 25 under 30 | (4,000)                    | (11,053)                   | 4.23          |
|                                                           | Over 30 under 35 | (69,630)                   | (71,898)                   | 27.49         |
|                                                           | Over 35 under 40 | (14,320)                   | (5,000)                    | 1.91          |
|                                                           | Over 40 under 45 | 0                          | 0                          | 0.00          |
| <b>Total Long-term Borrowing</b>                          |                  | <b>(202,142)</b>           | <b>(222,084)</b>           | <b>84.93</b>  |
| <b>Total Borrowing at Nominal Amount</b>                  |                  | <b>(234,705)</b>           | <b>(261,476)</b>           | <b>100.00</b> |
| Accrued Interest                                          |                  | (1,607)                    | (1,830)                    |               |
| Deferred Premium                                          |                  |                            |                            |               |
| IFRS 9 Adjustment                                         |                  | 5,303                      | 5,233                      |               |
| <b>Total Borrowing at Amortised Cost</b>                  |                  | <b>(231,009)</b>           | <b>(258,073)</b>           |               |

## Market Risk

### (1) Interest Rate Risk:

The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 40% on external debt that can be subject to variable interest rates. At 31 March 2022 and 31 March 2023, 100% of the debt portfolio was held in fixed rate instruments.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

### (2) Price Risk:

The Council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

### (3) 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.

**38. Heritage Assets**

Reconciliations of the carrying value of Heritage Assets held by the authority:

| <b>2022/23</b>                                                                                | <b>Plas<br/>Newydd<br/>£000</b> | <b>Ruthin<br/>Gaol<br/>£000</b> | <b>Nantclwyd<br/>y Dre<br/>£000</b> | <b>Total<br/>Heritage<br/>Assets<br/>£000</b> |
|-----------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------------------|-----------------------------------------------|
| Cost or Valuation<br>01 April 2022                                                            | 2,569                           | 10,146                          | 8,100                               | 20,815                                        |
| Additions                                                                                     | 9                               | 0                               | 24                                  | 33                                            |
| Revaluation Gains                                                                             | 0                               | 0                               | 0                                   | 0                                             |
| Revaluation decreases recognised<br>in the Surplus or Deficit on the<br>Provision of Services | (9)                             | 0                               | (24)                                | (33)                                          |
| Depreciation                                                                                  | (13)                            | (44)                            | (42)                                | (99)                                          |
| <b>31 March 2023</b>                                                                          | <b>2,556</b>                    | <b>10,102</b>                   | <b>8,058</b>                        | <b>20,716</b>                                 |

| <b>2021/22</b>                                                                                | <b>Plas<br/>Newydd<br/>£000</b> | <b>Ruthin<br/>Gaol<br/>£000</b> | <b>Nantclwyd<br/>y Dre<br/>£000</b> | <b>Total<br/>Heritage<br/>Assets<br/>£000</b> |
|-----------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------------------|-----------------------------------------------|
| Cost or Valuation<br>01 April 2021                                                            | 1,895                           | 7,266                           | 5,840                               | 15,001                                        |
| Additions                                                                                     |                                 |                                 |                                     | 0                                             |
| Revaluation Gains                                                                             | 684                             | 2,911                           | 2,291                               | 5,886                                         |
| Revaluation decreases recognised<br>in the Surplus or Deficit on the<br>Provision of Services |                                 |                                 |                                     | 0                                             |
| Depreciation                                                                                  | (10)                            | (31)                            | (31)                                | (72)                                          |
| <b>31 March 2022</b>                                                                          | <b>2,569</b>                    | <b>10,146</b>                   | <b>8,100</b>                        | <b>20,815</b>                                 |

**Scheduled Ancient Monuments**

The Council has a number of scheduled ancient monuments and listed buildings classified by CADW as Heritage Assets but these have no valuations attached. Included in these is Castell Dinas Bran, which is a medieval castle standing high on a hill above the town of Llangollen and is the site of an Iron Age hill fort. Others include Jubilee Tower, Moel Fenlli, Moel y Gaer Llanbedr, Caer Drewyn and Prestatyn Roman Bath House. Further information is available from CADW or Clwyd Powys Archaeological Trust.

**Civic Regalia**

Most of the Civic Regalia is still in the ownership of each Town Council, with a very small number of objects being cared for by the Heritage Service, due to them requiring professional care and storage or due to their historical value. However, Civic Regalia has not been included on the Balance Sheet as further information and consolidation of the

collections held is required.

## **Heritage Buildings**

Denbighshire has the following Heritage Buildings. The buildings were revalued in 2018/19 as part of the five-yearly revaluation programme. At the moment there is no valuation for the artefacts included in the buildings. Most artefacts are 'gifted' at no cost and the word 'value' in museums does not often refer to a financial value.

### *Plas Newydd - Grade 2\* Building and Listed Landscape*

Plas Newydd is a detached two storey property constructed from timber frame with brick and stone elevations rendered and painted. The museum has approximately 400 artefacts including furniture, social and domestic items (books, medals, ceramics and costume), ephemera and miscellaneous collections.

### *Ruthin Gaol - Grade 2\* Victorian Prison*

Ruthin Gaol ceased to be a prison in 1916. The county council purchased the buildings in 1926 and used part of them for offices, the county archives and the town library. During the Second World War the prison buildings were used as a munitions factory, before being handed back to the county council, when it became the headquarters of the Denbighshire Library Service. In 2002 the Gaol was extensively renovated and reopened as a museum. Some of the items in the collection are integral parts of the building, such as the stone baths, whereas others are objects and archives relating to the history of the Gaol.

### *Nantclwyd y Dre - Grade 1\* Building and Listed Gardens*

The premises were purchased by Clwyd County Council in 1984. They were derelict but had a programme to renew and safeguard the external parts, which was completed in the mid 1990's. The premises were fully restored and opened to the public in June 2007 as a museum due to its historic merit.

The property comprises a circa 14th century house extended substantially. The property is a grade 1 listed structure with a registered historical garden, a grade 1 listed gazebo and listed garden walls. The majority of items on display are either replica or purchased from an unknown source outside Denbighshire. However, any objects directly related to the history of the house, which have since come to light and been 'gifted' have been accessioned into the Denbighshire Heritage Service.

## **Denbighshire Heritage Service Collections**

The collections date from the 1960's when, before the existence of a museum or heritage service, material was collected by various departments of the former local authorities. There are approximately 10,000 objects within the collection including social and industrial history, archive and archaeological material.

## **Museums**

There are approximately 1,000 items associated with the former museum at Denbigh and approximately 3,000 individual items associated with the Rhyl Museum.

## **Intangible Heritage Assets**

Historical recordings are housed in the Denbighshire Record Office, however the ownership of some of the recordings needs further research.

### **Other**

A Denbighshire High School has a painting by the Welsh landscape painter, Sir John "Kyffin" Williams. It is estimated to be worth between £14,000 - £20,000.

## **Collections Management and Valuations**

The management of collections is guided by the Museums Accreditation Scheme and the Welsh Government's 'A Museum Strategy for Wales'. The County's portable heritage collections are housed in the County Store in Ruthin. These include archaeological collections (such as Roman finds from Prestatyn Bath House and medieval collections from Rhuddlan Castle), collections associated with the Ladies of Llangollen, several Eisteddfod chairs and social history collections relating to the whole county. Plas Newydd, Ruthin Gaol and Rhyl Museum all have Museum Accreditation.

A full object audit took place 2018/19 at Plas Newydd, Ruthin Gaol and Rhyl Museum. Work continues at the Museum Store to condition check, re-label, photograph and physically move each object to improve object care and storage capacity. A Collections Management Database holds all object information and the Curator post fully satisfies the requirements of Museum Accreditation.

### **Loans**

A number of objects are loaned to and from the Heritage Service. Plas Newydd has furniture on loan from the National Museum of Wales and this is covered by Denbighshire's insurance policy. There are also items on long-term loan from the Galleries of Justice in Nottingham in Ruthin Gaol. A loans register is kept in the main museum office.

## **Acquisitions and Disposals**

The Heritage Service has a "Museum Documentation and Procedural Manual" as well as the other policies listed in the Heritage Service Forward Plan. The Museum Documentation and Procedural Manual documents the procedures for acquisition and disposal of all items. Each item has a unique number, details of ownership and type of deposit. Once an item is accessed against the Collection Policy, a decision is made to formally accept it into the museum collection or return to the owner.

## **39. Accounting Policies**

### **i. 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)(Amendment) Regulations 2018. Those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the 'Code of Practice on Local Authority Accounting in the United Kingdom 2022/23' (the Code), supported by International Financial Reporting Standards (IFRS).

The Accounts have been prepared on a historical cost basis with the exception of certain categories of non-current assets that are measured at current value and financial instruments, which are now carried within the Balance Sheet at fair value as defined by the Code. The Statement of Accounts has been prepared on a going concern basis.

The Council's presentation of the accounts complies with the adoption of International Financial Reporting Standards (IFRS). The Main Statements comprise:

- The Movement in Reserves Statement
- The Comprehensive Income and Expenditure Statement
- The Balance Sheet
- The Cash Flow Statement

### **ii. Accounting for Local Authority 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 schools identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

### **iii. Accruals of Income and Expenditure**

The accounts are maintained on an accruals basis in accordance with the Code.

Accruals are made in respect of grants claimed or claimable for Revenue and Capital purposes. Some grant claims are finalised after the accounts have been completed and in this case the grant is accrued on the basis of the best estimate available, and any differences are accounted for in the following year.

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods and services.
- Supplies of goods and services 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.
- Interest payable on borrowing and receivable on investments is accounted for 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **iv. Cash and Cash Equivalents**

Cash is represented by cash in hand and cash held in deposit accounts which is repayable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in the value. This means that 'Cash and Cash Equivalents' includes cash held in the bank, demand deposits and instant access call accounts.

#### **v. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the Council Fund Balance / HRA Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **vi. Employee Benefits**

##### **Benefits Payable During Employment**

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accruals basis to the

relevant service line of the Comprehensive Income & Expenditure Statement.

### **Termination Benefits**

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

Where termination benefits involve the enhancement of pensions, 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.

### **Post Employment Benefits**

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Flintshire County Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools and Education & Children's Services lines in the Comprehensive Income & Expenditure Statement are charged with the employer's contributions payable to Teachers' Pensions in the year.

### **The Local Government Pension Scheme**

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Clwyd 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 about mortality rates, employee turnover rates etc., and estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the market value yields at the reporting date on high quality corporate bonds.
- The assets of Clwyd Pension Fund attributable to the Council are included in the

Balance Sheet at their fair value.

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value
- 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 & Expenditure Statement to the services for which the employees worked.
  - past service cost - the increase in liabilities arising from current year decisions, the effect of which relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Corporate & Miscellaneous.
  - net interest on the net defined benefit liability, i.e. net interest expense for the authority - the change during the period in the net defined benefit liability that arises from the passage of time, Charged to the Financing & Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability 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 defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income & 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 & Expenditure.
- Contributions paid to the Clwyd Pension Fund - cash paid as employer's contributions to the pension fund.

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 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 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.

### **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.

## **vii. Events After the Reporting Period**

Events After the Reporting Period 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.
- 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 events and their estimated financial effect.

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

## **viii. 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 & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement 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 that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all of the borrowing 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 Comprehensive income & Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new modified loan and the write-down to the Comprehensive Income & Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. However in 2018/19 with the introduction of IFRS 9, the Council had to recalculate the carrying amount of the modified loan as at 1 April 2018 using the original effective interest rate. The change resulted in a credit to the CI&ES and a new reserve being set up. The increase in interest charges over the remainder of the loan period will mean that the reserve will be used to fund this increase.

Where premiums and discounts have been charged to the Comprehensive Income & Expenditure Statement, regulations allow the impact on the Council 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 Comprehensive Income & Expenditure Statement to the net charge required against the Council 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 authority holds financial assets measured at:

- amortised cost

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

## **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost, 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 authority.

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

## **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 authority'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 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable

for the asset or liability, either directly or indirectly

- Level 3 - unobservable inputs for the asset

### **Financial Assets Measured at Amortised Cost**

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

### **Soft Loans**

A soft loan is a loan which the Council has given to an external body at an interest rate which is less than the market rate. In this case, soft loan accounting needs to be applied. However, if the size of the transaction is deemed to be de-minimis, there is no need to apply soft loan accounting. The Council has set this de-minimis level at £150k for each individual loan granted or where the fair value adjustment is not material.

## **ix. Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or

service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When the conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation & Non-specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

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

#### **x. Heritage Assets**

##### **Tangible & Intangible Heritage Assets (described in this summary of significant accounting policies as Heritage Assets)**

The Council's Heritage Assets are held at a number of sites, including Rhyl Museum (within Rhyl Library). Nantclwyd-y-Dre, Ruthin Gaol and Plas Newydd have permanent collections and the buildings themselves are also treated as Heritage Assets. All sites (except Nantclwyd-y-Dre) are accredited under the Arts Council of England Museums Accreditation scheme.

The collections of Heritage Assets are held in support of the primary objective of the Council's museums i.e. to care for the heritage of Denbighshire, making it accessible for all through inspiration, learning and enjoyment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant & Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as the Council considers that obtaining valuations for the collections would involve a disproportionate cost in comparison to the benefits provided to the users of the financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The collections are monitored in accordance with a Collections Development Policy approved under Museums Accreditation and items are only added infrequently according to set procedure.

All collections care work aims to comply with the Museums Accreditation standards. Asset lives of the collections are deemed to be indefinite due to the preventative work undertaken by Denbighshire's Heritage Service and because of the nature of the items concerned. It is not appropriate therefore to charge depreciation.

The Council adheres to the Museums Association's guidelines on disposal.

**xi. 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.

Investment Properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement. The same treatment is applied to gains and losses on disposal.

A de-minimis expenditure level of £30k has been set for Investment Properties, below which expenditure will not be subject to capital accounting requirements. Where an asset is revalued below £30k, any associated expenditure and depreciation will normally be written out and the asset removed from the Fixed Asset Register.

Rentals received in relation to Investment Properties are credited to the Financing & Investment Income and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

**xii. 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 arrangement. The activities undertaken by the authority 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 authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

**xiii. Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are

considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## **The Council as Lessee**

### Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement).

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

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

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income & Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

## **The Council as Lessor**

### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the

commencement of the lease, the carrying amount of the asset on the Balance Sheet (whether Property, Plant & Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income & Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals are apportioned between:

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

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

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

### Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement.

## **xiv. Non Exchange Revenue**

### **Recognition of Revenue from Non-exchange Transactions**

Assets and revenue arising from non-exchange transactions are recognised in accordance with the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, except where interpreted or adapted to fit the public sector are detailed in the Code and/or IPSAS 23, 'Revenue from Non-exchange Transactions (Taxes and Transfers)'.

## **Taxation Transactions**

Assets and revenue arising from taxation transactions are recognised in the period in which the taxable event occurs, provided that the assets satisfy the definition of an asset and meet the criteria for recognition as an asset.

## **Non-taxation Transactions**

Assets and revenue arising from transfer transactions are recognised in the period in which the transfer arrangement becomes binding. Services in-kind are not recognised.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the authority recognises a liability until the condition is fulfilled.

## **Basis of Measurement of Major Classes of Revenue from Non-exchange Transactions**

Taxation revenue is measured at the nominal value of cash and cash equivalents. Assets and revenue recognised as a consequence of a transfer are measured at the fair value of the assets recognised as at the date of recognition:

- Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset; and
- Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession. Receivables are recognised when a binding transfer arrangement is in place but cash or other assets have not been received.

## **xv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless 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.

## **xvi. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of

goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant & Equipment.

## Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis expenditure level of £30k has been set for Property, Plant & Equipment, below which expenditure will not be subject to capital accounting requirements. Where an asset is revalued below £30k, any associated expenditure and depreciation will normally be written out and the asset removed from the Fixed Asset Register.

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure - depreciated historic cost
- community assets and assets under construction - historical cost
- dwellings - current value, determined using the basis of EUV-SH (existing use value for social housing).
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Subsequent revaluations of non-current assets are planned as part of a continuous assessment in order that all assets are revalued within five years of their previous valuation, although material changes to asset valuation will be adjusted in the interim period as they occur. 100% of the Council dwellings were revalued during 2021/22. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income & Expenditure Statement where they arise from a reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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 on the Revaluation Reserve or an insufficient balance, the carrying amount of the assets is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- 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 or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income & Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided for on all Property, Plant & Equipment assets in the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (i.e. freehold land and certain community assets)

and assets that are not yet or are no longer available for use (i.e. assets under construction, surplus assets).

Depreciation is calculated using the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment - straight line method
- infrastructure - straight line allocation over 40 years

Depreciation is not charged in the year of acquisition or disposal.

## **Componentisation**

It is Council policy that where a material item of property, plant and equipment has major components, whose cost is significant in relation to the total costs of the item, the components are depreciated separately. The requirements are applicable to enhancement expenditure incurred, acquisition expenditure incurred and revaluations carried out. A de-minimis materiality level of £2.5m of the value of the asset has been set, below which individual items of property, plant and equipment will not be considered for componentisation. Significant components will be deemed as those whose current cost is 20% or more of the total current cost of the asset and categorised as follows based on significance, useful life and depreciation method:

- superstructure and substructure
- internal finishes and fittings
- services

Land is identified as a separate component in its own right.

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

## **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant & Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income & 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 & Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

## **xvii. Provisions and Contingent Liabilities**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

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

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **xviii. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure.

#### **xix. Revenue Expenditure Funded from Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

#### **xx. VAT**

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

#### 40. Prior Period Adjustment

During the 2022-23 audit, Audit Wales identified an asset which had been disposed of in 2020/21 but which was not written out of the asset register until 2022/23.

Due to the high value of the asset, the balance sheet at 1 April 2021 has been restated to reflect this adjustment.

##### Balance Sheet

|                            | As<br>previously<br>stated<br>1 April 2021<br>£000 | Adjustment<br>£000 | Restated<br>1 April 2021<br>£000 |
|----------------------------|----------------------------------------------------|--------------------|----------------------------------|
| Other Land & Buildings     | 286,645                                            | (11,596)           | 275,049                          |
| Capital Adjustment Account | (179,953)                                          | 11,596             | (168,357)                        |

|                            | As<br>previously<br>stated<br>31 March<br>2022<br>£000 | Adjustment<br>£000 | Restated<br>31 March<br>2022<br>£000 |
|----------------------------|--------------------------------------------------------|--------------------|--------------------------------------|
| Other Land & Buildings     | 319,675                                                | (12,865)           | 306,810                              |
| Revaluation Reserve        | (175,238)                                              | 1,529              | (173,709)                            |
| Capital Adjustment Account | (224,330)                                              | 11,336             | (212,994)                            |

##### Comprehensive Income & Expenditure (CI&ES)

|                                           | As<br>previously<br>stated<br>2021-22<br>£000 | Adjustment<br>£000 | Restated<br>2021-2022<br>£000 |
|-------------------------------------------|-----------------------------------------------|--------------------|-------------------------------|
| <b>Gross Expenditure</b>                  |                                               |                    |                               |
| Education & Children's Services           | 39,546                                        | (260)              | 39,286                        |
| (Surplus) / deficit on revaluation of PPE | (111,502)                                     | 1,529              | (109,973)                     |

##### Expenditure & Funding Analysis (EFA)

|                                         | As<br>previously<br>stated<br>2021-22<br>£000 | Adjustment<br>£000 | Restated<br>2021-2022<br>£000 |
|-----------------------------------------|-----------------------------------------------|--------------------|-------------------------------|
| <b>Adjustments for Capital Purposes</b> |                                               |                    |                               |
| Education & Children's Services         | 76                                            | (260)              | (184)                         |

**Cashflow Statement**

|                                                                                             | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Net (Surplus) or Deficit on the Provision of Services                                       | (37,286)                                                 | (260)                      | (37,546)                               |
| Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements | 3,829                                                    | 260                        | 4,089                                  |

**Movement in Reserves Statement (MiRS)**

| <b>Council Fund</b>                                                                         | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Net (Surplus) or Deficit on the Provision of Services                                       | (13,405)                                                 | (260)                      | (13,665)                               |
| Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements | (2,350)                                                  | 260                        | (2,090)                                |

| <b>Unusable Reserves</b>                                                                    | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Balance @ 31.3.21                                                                           | 22,072                                                   | 11,596                     | 33,668                                 |
| Other Comprehensive Income & Expenditure                                                    | (151,415)                                                | 1,529                      | (149,886)                              |
| Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements | (19,998)                                                 | (260)                      | (20,258)                               |

**Note 5**

|                                               | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-----------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Depreciation, impairment & revaluation losses | 3,519                                                    | (260)                      | 3,259                                  |

**Note 6**

| <b>Reversal of entries included in the<br/>Surplus or Deficit on the Provision<br/>of Services in relation to capital<br/>expenditure</b> | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Council Fund                                                                                                                              | 1,278                                                    | 260                        | 1,538                                  |
| Unusable Reserves                                                                                                                         | (9,494)                                                  | (260)                      | (9,754)                                |

**Note 13**

|                                                                      | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|----------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Gross cost 31 March 2021                                             | 313,577                                                  | (12,750)                   | 300,827                                |
| less: Depreciation & Impairment                                      | (26,932)                                                 | 1,154                      | (25,778)                               |
| Additions                                                            | 7,292                                                    | (45)                       | 7,247                                  |
| Revaluations                                                         | 6,724                                                    | (1,529)                    | 5,195                                  |
| Depreciation - charge for year                                       | (7,338)                                                  | 260                        | (7,078)                                |
| Impairment - charge for year                                         | (5,747)                                                  | 45                         | (5,702)                                |
| Net impairment to Surplus or Deficit on<br>the provision of services | (2,428)                                                  | 45                         | (2,383)                                |

**Note 22**

| <b>Opening Balance</b>     | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|----------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Revaluation Reserve        | (107,051)                                                | (1,183)                    | (108,234)                              |
| Capital Adjustment Account | (179,953)                                                | 11,596                     | (168,357)                              |

| <b>Other Comprehensive Income &amp;<br/>Expenditure (CI&amp;ES)</b> | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|---------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Revaluation Reserve                                                 | (75,748)                                                 | 2,712                      | (73,036)                               |

| <b>Adjustments to revenue resources</b> | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-----------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Capital Adjustment Account              | (10,751)                                                 | (260)                      | (11,011)                               |

**Note 23**

| <b>Opening Balance</b>                                | <b>previously<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>2021-2022<br/>£000</b> |
|-------------------------------------------------------|----------------------------|----------------------------|---------------------------|
| Net (Surplus) or Deficit on the Provision of Services | (37,286)                   | (260)                      | (37,546)                  |
| Depreciation and impairment                           | (788)                      | 260                        | (528)                     |

**Group Balance Sheet**

|                            | <b>As<br/>previously<br/>stated<br/>1 April 2021<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>1 April 2021<br/>£000</b> |
|----------------------------|---------------------------------------------------------------|----------------------------|-------------------------------------------|
| Other Land & Buildings     | 286,645                                                       | (11,596)                   | 275,049                                   |
| Capital Adjustment Account | (179,953)                                                     | 11,596                     | (168,357)                                 |

|                            | <b>As<br/>previously<br/>stated<br/>31 March<br/>2022<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>31 March<br/>2022<br/>£000</b> |
|----------------------------|--------------------------------------------------------------------|----------------------------|------------------------------------------------|
| Other Land & Buildings     | 319,675                                                            | (12,865)                   | 306,810                                        |
| Revaluation Reserve        | (175,238)                                                          | 1,529                      | (173,709)                                      |
| Capital Adjustment Account | (224,330)                                                          | 11,336                     | (212,994)                                      |

**Group Comprehensive Income & Expenditure (CI&ES)**

| <b>Gross Expenditure</b>                  | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Education & Children's Services           | 39,486                                                   | (260)                      | 39,226                                 |
| (Surplus) / deficit on revaluation of PPE | (111,502)                                                | 1,529                      | (109,973)                              |

**Group Cashflow**

|                                                                                             | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Net (Surplus) or Deficit on the Provision of Services                                       | (35,936)                                                 | (260)                      | (36,196)                               |
| Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements | 2,166                                                    | 225                        | 2,391                                  |

**Group Movement in Reserves Statement (MiRS)**

| <b>Council Fund</b>                                                   | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-----------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Total Comprehensive Income & Expenditure                              | (17,982)                                                 | (260)                      | (18,242)                               |
| Adjustments Between Accounting Basis & Funding Basis Under Regulation | (2,350)                                                  | 260                        | (2,090)                                |

| <b>Unusable Reserves</b>                                              | <b>As<br/>previously<br/>stated<br/>2021-22<br/>£000</b> | <b>Adjustment<br/>£000</b> | <b>Restated<br/>2021-2022<br/>£000</b> |
|-----------------------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------------------------|
| Total Comprehensive Income & Expenditure                              | (151,415)                                                | 1,529                      | (149,886)                              |
| Adjustments Between Accounting Basis & Funding Basis Under Regulation | (19,998)                                                 | (260)                      | (20,258)                               |

**Section 4: Supplementary Statements and Notes to the Supplementary Statements****Housing Revenue Account Income and Expenditure Statement**

| <b>2021/22<br/>£000</b> |                                                                                                                           | <b>Note</b> | <b>2022/23<br/>£000</b> |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------|-------------------------|
|                         | <b>Expenditure</b>                                                                                                        |             |                         |
| 5,383                   | Repairs & maintenance                                                                                                     |             | 6420                    |
| 2,418                   | Supervision & management                                                                                                  |             | 2799                    |
| 19                      | Rents, rates, taxes & other charges                                                                                       |             | 22                      |
| (11,538)                | Depreciation & impairment of non-current assets                                                                           | 5           | 4245                    |
| 36                      | Debt management costs                                                                                                     |             | 44                      |
| 174                     | Movement in bad debt provision                                                                                            |             | 270                     |
| <b>(3,508)</b>          | <b>Total Expenditure</b>                                                                                                  |             | <b>13,800</b>           |
|                         | <b>Income</b>                                                                                                             |             |                         |
| (15,926)                | Dwelling rents (gross)                                                                                                    |             | (16,366)                |
| (177)                   | Non-dwelling rents (gross)                                                                                                |             | (186)                   |
| <b>(16,103)</b>         | <b>Total Income</b>                                                                                                       |             | <b>(16,552)</b>         |
|                         | <b>Net Expenditure of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>                |             |                         |
| <b>(19,611)</b>         |                                                                                                                           |             | <b>(2,752)</b>          |
| 58                      | HRA share of Corporate Expenditure                                                                                        |             | 58                      |
| <b>(19,553)</b>         | <b>Net Expenditure of HRA Services</b>                                                                                    |             | <b>(2,694)</b>          |
|                         | <b>HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure Statement</b> |             |                         |
| 19                      | Pension administration costs                                                                                              | 6           | 24                      |
| (300)                   | (Gain) or loss on sale of HRA non-current assets                                                                          |             | 300                     |
| 2,678                   | Interest payable & similar charges                                                                                        |             | 2,894                   |
| (2)                     | Interest & investment income                                                                                              |             | (42)                    |
| 221                     | Net interest on the net defined benefit liability/(asset)                                                                 | 6           | 265                     |
| (6,944)                 | Capital grants & contributions receivable                                                                                 |             | (6,096)                 |
| <b>(23,881)</b>         | <b>(Surplus) or Deficit for the Year on HRA Services</b>                                                                  |             | <b>(5,349)</b>          |

**Movement on the HRA Statement**

| 2021/22<br>£000 |                                                                                | 2022/23<br>£000 |                |
|-----------------|--------------------------------------------------------------------------------|-----------------|----------------|
| (2,756)         | <b>Balance on the HRA at 1 April</b>                                           |                 | <b>(2,056)</b> |
| (23,881)        | (Surplus) or deficit for the year on the HRA Income & Expenditure Statement    | (5,349)         |                |
| 24,475          | Adjustments between accounting basis & funding basis under statute (see below) | 5,839           |                |
| 594             | Net (increase) or decrease before transfers to or from reserves                |                 | 490            |
| 106             | Transfers to or (from) reserves                                                |                 |                |
| 700             | (Increase) or decrease in year on the HRA                                      |                 | 490            |
| <b>(2,056)</b>  | <b>Balance on the HRA at 31 March</b>                                          |                 | <b>(1,566)</b> |

|               |                                                                                                                                                                                                             |  |              |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|               | <b><u>Adjustments between accounting basis &amp; funding basis under statute:</u></b>                                                                                                                       |  |              |
|               | <b>Adjustments primarily involving the Capital Adjustment Account</b>                                                                                                                                       |  |              |
|               | <u>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>                                                                                                        |  |              |
| 11,538        | Charges for depreciation, impairment & revaluation losses of non-current assets                                                                                                                             |  | (4,245)      |
| 6,944         | Capital grants & contributions applied                                                                                                                                                                      |  | 6,096        |
| (2,000)       | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement                                                      |  | (300)        |
|               | <u>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</u>                                                                                                   |  |              |
| 3,096         | Statutory provision for the financing of capital investment                                                                                                                                                 |  | 3,257        |
| 3,189         | Capital expenditure charged against HRA balances                                                                                                                                                            |  | 1,846        |
|               | <b>Adjustments involving the Capital Receipts Reserve</b>                                                                                                                                                   |  |              |
| 2,300         | Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the HRA Income & Expenditure Statement                                                                                      |  | 0            |
|               | <b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>                                                                                                                         |  |              |
| 0             | Amount by which finance costs charged to the HRA Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements                           |  | 0            |
|               | <b>Adjustments primarily involving the Pensions Reserve</b>                                                                                                                                                 |  |              |
| (1,188)       | Reversal of items relating to retirement benefits debited or credited to the HRA Income & Expenditure Statement                                                                                             |  | (1,518)      |
| 574           | Employer's pension contributions payable in the year                                                                                                                                                        |  | 716          |
|               | <b>Adjustments involving the Accumulated Absences Account</b>                                                                                                                                               |  |              |
| 22            | Amount by which officer remuneration charged to the HRA Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements |  | (13)         |
| <b>24,475</b> | <b>Total Adjustments</b>                                                                                                                                                                                    |  | <b>5,839</b> |

## **Notes to the Supplementary Statements**

### **1. Housing Stock**

The Council's total housing stock was as follows:

| <b>2021/22</b>           |              | <b>2022/23</b>           |
|--------------------------|--------------|--------------------------|
| <b>No. of Properties</b> |              | <b>No. of Properties</b> |
| 1,818                    | Houses       | 1,825                    |
| 883                      | Flats        | 870                      |
| 612                      | Bungalows    | 611                      |
| <b>3,313</b>             | <b>Total</b> | <b>3,306</b>             |

During the year 18 properties were purchased and 25 properties removed from the housing stock.

### **2. Rent Arrears**

At the 31 March 2023, tenants' rent arrears were £1,324k, (£1,097k as at 31 March 2022), which represented 8.09% of the net rent income due in the year. Arrears totalling £59k were written off during the year. A contribution to the provision for Bad and Doubtful Debts of £269k was made during the year and the balance at year end was £1,079k.

### **3. Capital Receipts**

No capital receipts was received in 2022/23, £2.3m was received from a sale of land in 2021/22.

### **4. Analysis of Housing Revenue Account Capital Expenditure**

During 2022/23 capital expenditure of £20,474k was incurred on improvements to the Council's housing assets. This includes improvements to existing stock and investment in sites to facilitate the development of additional housing stock. It also includes the acquisition of former housing stock. Total capital expenditure has been financed by several sources: the Major Repairs Allowance (a government grant), Direct HRA revenue contributions, Prudential Borrowing and other grants and contributions as detailed in the following table.

| 2021/22<br>£000 | <b>Housing Capital Expenditure</b>          | 2022/23<br>£000 |
|-----------------|---------------------------------------------|-----------------|
| 4               | Quality Performance Management - IT Project | 0               |
| 7,668           | Acquisitions                                | 11,313          |
| 8,033           | Improvement/Planned Works                   | 9,160           |
| 10              | Gypsy & Traveller Expenditure               | 0               |
| <b>15,715</b>   | <b>Total In-year Expenditure</b>            | <b>20,473</b>   |
|                 | <i>Financed by:</i>                         |                 |
| 2,381           | Major Repairs Allowance (Grant)             | 2,373           |
| 2,300           | Usable Capital Receipts                     | 132             |
| 3,190           | Direct HRA Revenue Contributions            | 1,846           |
| 5,894           | Prudential Borrowing                        | 9,833           |
| 1,887           | Other grants                                | 6,172           |
| 63              | Contributions                               | 117             |
| <b>15,715</b>   | <b>Total Financing</b>                      | <b>20,473</b>   |

## 5. Depreciation, Impairment and Revaluation Losses of Non-current Assets

In line with the resource accounting framework, depreciation charges, impairment and revaluation losses are included in the HRA Net Cost of Services. The depreciation charge is based on the Balance Sheet value of dwellings and other assets and reflects the assets held and consumed in the delivery of the service rather than simply the cash spent on them each year. The impairment and revaluation losses arise as a result of the revaluation process. The depreciation charge, impairment and revaluation losses are reversed out of the Net Cost of Services via the Movement on the HRA Statement. The reversal brings the net capital charge to the HRA back to the statutory charge, which is calculated in line with The General Determination of the Item 8 Credit and Item 8 Debit (Wales) 2015. The depreciation charge, impairment and revaluation losses have no effect on HRA balances.

The total depreciation charges and impairment & revaluation losses for 2022/23 are shown below:

| 2021/22<br>£000 |                                                                    | 2022/23<br>£000 |
|-----------------|--------------------------------------------------------------------|-----------------|
| 3,001           | Operational Assets - Dwellings                                     | 3,368           |
| 64              | Operational Assets - Equipment & Infrastructure                    | 251             |
| <b>3,065</b>    | <b>Total Depreciation</b>                                          | <b>3,619</b>    |
| <b>(14,603)</b> | <b>Impairment &amp; Revaluation Losses</b>                         | <b>626</b>      |
| <b>(11,538)</b> | <b>Total HRA Depreciation, Impairment &amp; Revaluation Losses</b> | <b>4,245</b>    |

## 6. Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge to the HRA is based on the employer's contribution payable in the year, so the real cost of retirement benefits is reversed out in the Movement on the HRA Statement.

The following transactions have been made in the Comprehensive Income & Expenditure Statement and Movement on the HRA Statement during the year:

| 2021/22<br>£000 | <b><u>Comprehensive Income &amp; Expenditure Statement</u></b>            | 2022/23<br>£000 |
|-----------------|---------------------------------------------------------------------------|-----------------|
|                 | <u>Net Cost of Services</u>                                               |                 |
| 948             | Current Service Cost                                                      | 1,229           |
| 0               | Past Service Costs                                                        | 0               |
|                 | <u>Net Operating Expenditure</u>                                          |                 |
| 19              | Pension Administration Expenses                                           | 24              |
| 221             | Net Interest Expense                                                      | 265             |
| <b>1,188</b>    | <b>Net charge to the Comprehensive Income &amp; Expenditure Statement</b> | <b>1,518</b>    |

|         | <b><u>Movements on the HRA Statement</u></b>                                     |         |
|---------|----------------------------------------------------------------------------------|---------|
| (1,188) | Reversal of net charges made for retirement benefits in accordance with the Code | (1,518) |
| 574     | Employer's contribution payable to the Clwyd Pension Fund Scheme                 | 716     |

## **Section 5: Group Accounts**

The Code requires that a local authority with material interests in subsidiaries, associates and joint ventures should prepare Group Accounts in addition to single entity accounts.

A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent.

For Group Accounts purposes the Council has consolidated the accounts of Denbighshire Leisure Limited.

The Group Accounts include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement

### **Denbighshire Leisure Limited**

Denbighshire Leisure Limited was established on 28 August 2019 to manage and deliver a number of leisure related facilities, functions and activities.

Denbighshire Leisure Limited is a not for profit Local Authority Trading Company limited by guarantee that is wholly owned by the Council, established under section 95 of the Local Government Act 2003. The Council has a high level of control over Denbighshire Leisure Limited as the single shareholder approving:

- the alteration in any respect of its articles of association
- any changes to the nature of the business or the commencement of any new business
- annual business plan
- any advancement of loans or granting of any credit
- any borrowing against assets
- appointment or removal of directors to or from the board

Further information on Denbighshire Leisure Limited is available on its website

<https://denbighshireleisure.co.uk/>

Denbighshire Leisure Limited currently leases seven leisure centres, the SC2 visitor attraction, 1891 Restaurant and Bar, Rhyl Pavilion Theatre, Rhyl Town Hall, North Wales Bowls Centre, Nova, Ruthin Craft Centre & Café R and Llangollen Pavilion at a peppercorn rent off the Council. Their mission is to maintain high levels of health and wellbeing within Denbighshire by providing quality, accessible leisure opportunities.

## **Risk Management**

The relationship between the Council and Denbighshire Leisure Limited includes business plans which are developed by the company and approved by the Council's Cabinet. This provides the Cabinet with the ability to understand the broad risk environment in which the company operates, consider specific risks that the company may face and assess the way in which the company manages and mitigates those risks. This provides assurance to the Council that risks are appropriately managed and mitigated and that the Council's own exposure to risk is therefore minimised. The Council is continuing to work with Denbighshire Leisure Limited to manage and mitigate specific risks arising from the impact of Covid 19.

The performance of Denbighshire Leisure Limited is scrutinised by the appropriate Council scrutiny board. The company is subject to Internal Audit by the Council's internal audit team, which also helps provide assurance that risk is being managed and that control mechanisms are in evidence and operating effectively.

## **Accounting Policies**

The accounting policies for Denbighshire Leisure Limited follow those adopted by Denbighshire County Council in the single entity statements detailed on pages 80 to 96 with the exception of the following:.

### **Charges to Income and Expenditure**

Denbighshire Leisure Limited apply depreciation to assets procured during the year.

Where the accounting policies of Denbighshire Leisure Limited are different, adjustments have been made on consolidation to align any difference in accounting treatment to those of Denbighshire County Council.

**Group Movement in Reserves Statement**

| <b>2022/23</b>                                                     | <b>Council<br/>Fund<br/>Reserves</b> | <b>Other<br/>Usable<br/>Reserves</b> | <b>Total<br/>Usable<br/>Reserves</b> | <b>Unusable<br/>Reserves</b> | <b>Total<br/>Authority<br/>Reserves</b> | <b>Subsidiary<br/>Reserves</b> | <b>Total<br/>Group<br/>Reserves</b> |
|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------|-----------------------------------------|--------------------------------|-------------------------------------|
|                                                                    | <b>£000</b>                          | <b>£000</b>                          | <b>£000</b>                          | <b>£000</b>                  | <b>£000</b>                             | <b>£000</b>                    | <b>£000</b>                         |
| <b>Balance at 31 March 2022</b>                                    | <b>(8,302)</b>                       | <b>(76,531)</b>                      | <b>(84,833)</b>                      | <b>(137,429)</b>             | <b>(222,262)</b>                        | <b>1,700</b>                   | <b>(220,562)</b>                    |
| <b>* Technical adjustments</b>                                     | <b>0</b>                             | <b>0</b>                             | <b>0</b>                             | <b>(38)</b>                  | <b>(38)</b>                             | <b>(289)</b>                   | <b>(327)</b>                        |
| <b>Balance at 1 April 2022</b>                                     | <b>(8,302)</b>                       | <b>(76,531)</b>                      | <b>(84,833)</b>                      | <b>(137,467)</b>             | <b>(222,300)</b>                        | <b>1,411</b>                   | <b>(220,889)</b>                    |
| Total Comprehensive Income & Expenditure                           | 11,781                               | (5,349)                              | 6,432                                | (274,354)                    | (267,922)                               | (3,141)                        | (271,063)                           |
| Adjustments Between Group Accounts and authority accounts          | 1,664                                | 0                                    | 1,664                                | 0                            | 1,664                                   | (201)                          | 1,463                               |
| <b>Net (Increase)/Decrease before Transfers</b>                    | <b>13,445</b>                        | <b>(5,349)</b>                       | <b>8,096</b>                         | <b>(274,354)</b>             | <b>(266,258)</b>                        | <b>(3,342)</b>                 | <b>(269,600)</b>                    |
| Adjustments between accounting and funding basis under regulations | (14,142)                             | 8,772                                | (5,370)                              | 5,370                        | 0                                       | 0                              | 0                                   |
| Transfers to/from Earmarked Reserves                               | 3,422                                | (3,422)                              | 0                                    | 0                            | 0                                       | 0                              | 0                                   |
| <b>(Increase)/Decrease in 2022/23</b>                              | <b>2,725</b>                         | <b>1</b>                             | <b>2,726</b>                         | <b>(268,984)</b>             | <b>(266,258)</b>                        | <b>(3,342)</b>                 | <b>(269,600)</b>                    |
| <b>Balance at 31 March 2023</b>                                    | <b>(5,577)</b>                       | <b>(76,530)</b>                      | <b>(82,107)</b>                      | <b>(406,451)</b>             | <b>(488,558)</b>                        | <b>(1,931)</b>                 | <b>(490,489)</b>                    |

| <b>2021/22</b>                                                        | <b>Council<br/>Fund<br/>Reserves</b> | <b>Other<br/>Usable<br/>Reserves</b> | <b>Total<br/>Usable<br/>Reserves</b> | <b>Unusable<br/>Reserves</b> | <b>Total<br/>Authority<br/>Reserves</b> | <b>Subsidiary<br/>Reserves</b> | <b>Total<br/>Group<br/>Reserves</b> |
|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------|-----------------------------------------|--------------------------------|-------------------------------------|
|                                                                       | <b>£000</b>                          | <b>£000</b>                          | <b>£000</b>                          | <b>£000</b>                  | <b>£000</b>                             | <b>£000</b>                    | <b>£000</b>                         |
| <b>Balance at 31 March 2021</b>                                       | <b>(8,858)</b>                       | <b>(58,687)</b>                      | <b>(67,545)</b>                      | <b>33,668</b>                | <b>(33,877)</b>                         | <b>2,991</b>                   | <b>(30,886)</b>                     |
| <b>* Technical adjustments</b>                                        |                                      |                                      |                                      | <b>(953)</b>                 | <b>(953)</b>                            | <b>(1,240)</b>                 | <b>(2,193)</b>                      |
| <b>Balance at 1 April 2021</b>                                        | <b>(8,858)</b>                       | <b>(58,687)</b>                      | <b>(67,545)</b>                      | <b>32,715</b>                | <b>(34,830)</b>                         | <b>1,751</b>                   | <b>(33,079)</b>                     |
| Total Comprehensive Income & Expenditure                              | (18,242)                             | (23,881)                             | (42,123)                             | (149,886)                    | (192,009)                               | (51)                           | (192,060)                           |
| Adjustments Between Group Accounts and authority<br>accounts          | 4,577                                | 0                                    | 4,577                                | 0                            | 4,577                                   | 0                              | 4,577                               |
| <b>Net (Increase)/Decrease before Transfers</b>                       | <b>(13,665)</b>                      | <b>(23,881)</b>                      | <b>(37,546)</b>                      | <b>(149,886)</b>             | <b>(187,432)</b>                        | <b>(51)</b>                    | <b>(187,483)</b>                    |
| Adjustments between accounting and funding basis<br>under regulations | (2,090)                              | 22,348                               | 20,258                               | (20,258)                     | 0                                       | 0                              | 0                                   |
| Transfers to/from Earmarked Reserves                                  | 16,311                               | (16,311)                             | 0                                    | 0                            | 0                                       | 0                              | 0                                   |
| <b>(Increase)/Decrease in 2021/22</b>                                 | <b>556</b>                           | <b>(17,844)</b>                      | <b>(17,288)</b>                      | <b>(170,144)</b>             | <b>(187,432)</b>                        | <b>(51)</b>                    | <b>(187,483)</b>                    |
| <b>Balance at 31 March 2022</b>                                       | <b>(8,302)</b>                       | <b>(76,531)</b>                      | <b>(84,833)</b>                      | <b>(137,429)</b>             | <b>(222,262)</b>                        | <b>1,700</b>                   | <b>(220,562)</b>                    |

**Group Comprehensive Income and Expenditure Statement**

| <b>2021/22</b>                    |                              |                                 |                                               | <b>2022/23</b>                    |                              |                                 |
|-----------------------------------|------------------------------|---------------------------------|-----------------------------------------------|-----------------------------------|------------------------------|---------------------------------|
| <b>Gross Expenditure<br/>£000</b> | <b>Gross Income<br/>£000</b> | <b>Net Expenditure<br/>£000</b> |                                               | <b>Gross Expenditure<br/>£000</b> | <b>Gross Income<br/>£000</b> | <b>Net Expenditure<br/>£000</b> |
| 14,962                            | (10,141)                     | 4,821                           | Leisure - ADM                                 | 16,362                            | (11,730)                     | 4,632                           |
| 4,069                             | (1,735)                      | 2,334                           | Communities & Customers                       | 6,436                             | (2,144)                      | 4,292                           |
| 39,226                            | (21,284)                     | 17,942                          | Education & Children's Services               | 45,390                            | (19,888)                     | 25,502                          |
| 85,932                            | (15,455)                     | 70,477                          | Schools                                       | 102,873                           | (12,241)                     | 90,632                          |
| 6,295                             | (384)                        | 5,911                           | Business Improvement & Modernisation          | 6,269                             | (161)                        | 6,108                           |
| 3,718                             | (855)                        | 2,863                           | Legal, HR & Democratic Services               | 4,033                             | (1,050)                      | 2,983                           |
| 42,534                            | (27,415)                     | 15,119                          | Corporate & Miscellaneous                     | 42,051                            | (25,076)                     | 16,975                          |
| 10,075                            | (3,755)                      | 6,320                           | Finance & Property                            | 9,815                             | (3,236)                      | 6,579                           |
| 39,989                            | (11,602)                     | 28,387                          | Highways, Facilities & Environmental Services | 41,367                            | (15,399)                     | 25,968                          |
| 24,400                            | (12,930)                     | 11,470                          | Planning & Public Protection                  | 25,093                            | (10,498)                     | 14,595                          |
| 81,182                            | (38,300)                     | 42,882                          | Community Support Services                    | 87,895                            | (38,945)                     | 48,950                          |
| (3,450)                           | (16,103)                     | (19,553)                        | Local Authority Housing (HRA)                 | 13,858                            | (16,552)                     | (2,694)                         |
| <b>348,932</b>                    | <b>(159,959)</b>             | <b>188,973</b>                  | <b>Cost of Services</b>                       | <b>401,442</b>                    | <b>(156,920)</b>             | <b>244,522</b>                  |

| 2021/22                   |                      |                         |                                                                           | 2022/23                   |                      |                         |
|---------------------------|----------------------|-------------------------|---------------------------------------------------------------------------|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |                                                                           | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 20,400                    | (357)                | 20,043                  | Other Operating Expenditure                                               | 22,562                    | 14                   | 22,576                  |
| 16,058                    | (132)                | 15,926                  | Financing & Investment (Income) & Expenditure                             | 16,822                    | (209)                | 16,613                  |
| 0                         | (260,529)            | (260,529)               | Taxation & Non-Specific Grant Income                                      | 0                         | (272,939)            | (272,939)               |
| <b>385,390</b>            | <b>(420,977)</b>     | <b>(35,588)</b>         | <b>(Surplus) or Deficit on Provision of Services</b>                      | <b>440,826</b>            | <b>(430,054)</b>     | <b>10,772</b>           |
|                           |                      | (607)                   | Tax expenses of subsidiary                                                |                           |                      | (486)                   |
|                           |                      | <b>(36,195)</b>         | Group (Surplus)/Deficit                                                   |                           |                      | <b>10,286</b>           |
|                           |                      | (109,973)               | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets |                           |                      | (75,947)                |
|                           |                      | 35,680                  | Impairment Losses on Non-current Assets Charged to Revaluation Reserve    |                           |                      | 13,715                  |
|                           |                      | 395                     | Tax relating to other comprehensive income                                |                           |                      | 1,911                   |
|                           |                      | (77,388)                | Remeasurement of the Net Defined Benefit Liability/(Asset)                |                           |                      | (219,765)               |
|                           |                      | <b>(151,286)</b>        | <b>Other Comprehensive (Income) &amp; Expenditure</b>                     |                           |                      | <b>(280,086)</b>        |
|                           |                      | <b>(187,481)</b>        | <b>Total Comprehensive (Income) &amp; Expenditure</b>                     |                           |                      | <b>(269,800)</b>        |

**Group Balance Sheet**

| <b>31/03/2022</b><br><b>£000</b> |                                                   | <b>Note</b> | <b>31/03/2023</b><br><b>£000</b> | <b>31/03/2023</b><br><b>£000</b> |
|----------------------------------|---------------------------------------------------|-------------|----------------------------------|----------------------------------|
| 158,745                          | <i>Council Dwellings</i>                          |             | 180,827                          |                                  |
| 306,810                          | <i>Other Land &amp; Buildings</i>                 |             | 351,788                          |                                  |
| 12,602                           | <i>Vehicles, Plant, Furniture &amp; Equipment</i> |             | 14,658                           |                                  |
| 144,649                          | <i>Infrastructure</i>                             |             | 147,254                          |                                  |
| 1,485                            | <i>Community Assets</i>                           |             | 1,485                            |                                  |
| 22,446                           | <i>Assets Under Construction</i>                  |             | 39,317                           |                                  |
| 3,478                            | <i>Surplus Assets not Held for Sale</i>           |             | 2,913                            |                                  |
| 650,215                          | Property, Plant & Equipment                       |             | 738,242                          |                                  |
| 20,815                           | Heritage Assets                                   |             |                                  | 20,716                           |
| 6,198                            | Investment Property                               |             |                                  | 11,852                           |
| 0                                | Long Term Investments                             |             |                                  | 0                                |
| 2,356                            | Long Term Debtors                                 |             |                                  | 2,354                            |
| <b>679,584</b>                   | <b>Long Term Assets</b>                           |             |                                  | <b>773,164</b>                   |
| 24,204                           | Short Term Investments                            |             | 19,313                           |                                  |
| 1,076                            | Assets Held for Sale (<1yr)                       |             | 895                              |                                  |
| 1,643                            | Inventories                                       |             | 1,319                            |                                  |
| 60,618                           | Short Term Debtors                                |             | 59,209                           |                                  |
| 5,181                            | Cash & Cash Equivalents                           |             | 7,353                            |                                  |
| 0                                | Current tax asset                                 |             | 0                                |                                  |
| <b>92,722</b>                    | <b>Current Assets</b>                             |             |                                  | <b>88,089</b>                    |
| (34,355)                         | Short Term Borrowing                              |             | (41,397)                         |                                  |
| (49,539)                         | Short Term Creditors                              |             | (37,176)                         |                                  |
| (162)                            | Provisions                                        |             | (278)                            |                                  |
| (3,196)                          | Provision for Accumulated Absences                |             | (4,156)                          |                                  |
| (4,244)                          | Revenue Grants Receipts in Advance                |             | (3,102)                          |                                  |
| (7,953)                          | Capital Grants Receipts in Advance                |             | (10,516)                         |                                  |
| 0                                | Current tax liability                             |             | 0                                |                                  |
| <b>(99,449)</b>                  | <b>Current Liabilities</b>                        |             |                                  | <b>(96,625)</b>                  |
| (1,352)                          | Long Term Creditors                               |             | (3,111)                          |                                  |
| (378)                            | Provisions                                        |             | (194)                            |                                  |
| (197,237)                        | Long Term Borrowing                               |             | (217,170)                        |                                  |
| (253,328)                        | Other Long Term Liabilities                       |             | (53,664)                         |                                  |
| 0                                | Deferred tax liability                            |             | 0                                |                                  |
| <b>(452,295)</b>                 | <b>Long Term Liabilities</b>                      |             |                                  | <b>(274,139)</b>                 |
| <b>220,562</b>                   | <b>Net Assets</b>                                 |             |                                  | <b>490,489</b>                   |

| 31/03/2022<br>£000 |                                     | Note | 31/03/2023<br>£000 | 31/03/2023<br>£000 |
|--------------------|-------------------------------------|------|--------------------|--------------------|
| (8,302)            | Council Fund                        |      | (5,577)            |                    |
| (56,420)           | Earmarked Reserves                  |      | (59,842)           |                    |
| (2,056)            | Housing Revenue Account             |      | (1,566)            |                    |
| (6,957)            | Capital Receipts Reserve            |      | (7,429)            |                    |
| (11,098)           | Capital Grants Unapplied            |      | (7,693)            |                    |
| 1,700              | Profit and loss reserve             |      | (1,931)            |                    |
| <b>(83,133)</b>    | <b>Usable Reserves</b>              |      |                    | <b>(84,038)</b>    |
| (173,709)          | Revaluation Reserve                 |      | (229,614)          |                    |
| 247,726            | Pensions Reserve                    |      | 53,725             |                    |
| (2,057)            | Deferred Capital Receipts Reserve   |      | 0                  |                    |
| (212,994)          | Capital Adjustment Account          |      | (235,111)          |                    |
|                    | Financial Instruments Adjustment    |      |                    |                    |
| 409                | Account                             |      | 393                |                    |
|                    | Short Term Accumulating Compensated |      |                    |                    |
| 3,196              | Absences Account                    |      | 4,156              |                    |
| <b>(137,429)</b>   | <b>Unusable Reserves</b>            |      |                    | <b>(406,451)</b>   |
| <b>(220,562)</b>   | <b>Total Reserves</b>               |      |                    | <b>(490,489)</b>   |

**Group Cash Flow Statement**

| <b>2021/22<br/>£000</b> |                                                                                                                                         | <b>2022/23<br/>£000</b> |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| (36,196)                | Net (Surplus) or Deficit on the Provision of Services                                                                                   | 10,286                  |
| 2,391                   | Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements                                             | (14,078)                |
| 4,838                   | Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are investing and financing activities | 1,596                   |
| <b>(28,967)</b>         | <b>Net cash flows from Operating Activities</b>                                                                                         | <b>(2,196)</b>          |
| 33,066                  | Investing Activities                                                                                                                    | 30,718                  |
| (5,333)                 | Financing Activities                                                                                                                    | (30,694)                |
| <b>(1,234)</b>          | <b>Net (increase) or decrease in Cash &amp; Cash Equivalents</b>                                                                        | <b>(2,172)</b>          |
| 3,947                   | Cash & Cash Equivalents at the beginning of the period                                                                                  | 5,181                   |
| 1,234                   | Increase/(Decrease) in Cash                                                                                                             | 2,172                   |
| <b>5,181</b>            | <b>Cash &amp; Cash Equivalents at the end of the reporting period</b>                                                                   | <b>7,353</b>            |

Cash & Cash Equivalents at the end of the 2022/23 held by DCC was £2,573k (£2,065k in 21/22), and by DLL £4,780k (£3,116k in 21/22).

## **Section 6: The independent auditor's report of the Auditor General for Wales to the Members of Denbighshire County Council will appear here**

### **Qualified opinion on financial statements**

I have audited the financial statements of:

- Denbighshire County Council; and
- Denbighshire County Council's Group

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Denbighshire County Council's financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes, including the material accounting policies.

Denbighshire County Council's Group financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

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, except for the possible effects of the matter described in the basis for qualified opinion section of my report, the financial statements:

- give a true and fair view of the financial position of Denbighshire County Council and the Denbighshire County Council Group 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 qualified opinion**

Denbighshire County Council and the Denbighshire County Council Group have incompletely and incorrectly recorded historical cost asset information and revaluation movements in its accounting records.

Both of these issues impact on the revaluation reserve (Note 22) and capital adjustment account (Note 22) only.

Due to incomplete historical information, it has not been possible to determine when these issues first arose. However, they may date back to 2007-08, when the Revaluation Reserve was introduced by the Code of Practice on Local Authority Accounting in the United Kingdom.

The Council is currently analysing its accounting records to correct for this matter but to date has been unable to quantify the full value of the misstatement. Consequently, I am unable to determine the level of adjustment necessary to correct for this matter.

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 and regularity of public sector bodies 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 Denbighshire County Council and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

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

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

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

## **Other Information**

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

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

I have nothing to report in this regard.

## **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;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of Denbighshire County Council and the Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

As I explain in the basis for our qualified audit opinion paragraph, the Council has incorrectly and incompletely recorded historical cost asset information and revaluation movements in its accounting records.

Except for this issue, 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;
- 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, including Denbighshire County Council's Group financial statements, 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;

- assessing Denbighshire County Council and Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Denbighshire County Council and Group 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, Denbighshire County Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Denbighshire County Council and Group's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and management override of controls;

- obtaining an understanding of Denbighshire County Council and Group's framework of authority as well as other legal and regulatory frameworks that Denbighshire County Council and Group 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 Denbighshire County Council and Group; 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, the Governance and Audit Committee and legal advisors 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 the Denbighshire County Council and Group's controls, and the nature, timing and extent of the audit procedures performed.

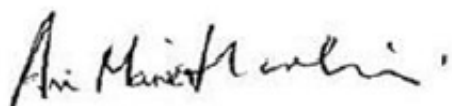
A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **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 Denbighshire County Council and Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Ann-Marie Harkin  
For and on behalf of the  
Auditor General for Wales  
31 July 2026

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ



# Annual Governance Statement 2022 – 2023

# Annual Governance Statement

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# Annual Governance Statement

## 1. Introduction and background

- 1.1 Denbighshire County Council (the Council) is responsible for making sure that its business is carried out in accordance with the law and proper standards. The Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018) require the Council to conduct a review on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts
- 1.2 The statement has been prepared in accordance with the guidance produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) – ‘Delivering Good Governance in Local Government Framework’ (2016). This is to show that the Council:
- Conducts its business in accordance with relevant laws and regulations;
  - Properly accounts for and safeguards public money;
  - Uses its resources economically, efficiently and effectively to achieve agreed priorities that benefit local people.
- 1.3 The Council has adopted the ‘Core Principles’ which underpin the CIPFA / SOLACE framework to form its Corporate Governance Framework. The seven core principles are set out below:
- A. Behave with integrity
  - B. Engage with stakeholders
  - C. Define outcomes
  - D. Ensure planned outcomes are achieved
  - E. Develop capacity, capability and leadership
  - F. Manage risks and performance effectively
  - G. Demonstrate transparency and accountability

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- 1.4 The review against the CIPFA/SOLACE framework highlights if there are opportunities to improve the Council's arrangements. Where this is the case, an action plan is included to ensure that the necessary action is taken.

## 2 The Governance Framework

### 2.1 Principle A - Behaving with integrity, with commitment to ethical values, and respect for the rule of law

- 2.1.1 The Council's Constitution includes the Codes of Conduct for members and officers and demands a high standard of behaviour. Mandatory training for officers has been deployed to ensure that staff are aware of the code of conduct and other key policies. These are supported by more detailed guidance such as the Strategy for the Prevention and Detection of Fraud, Corruption and Bribery, Whistleblowing Policy, Financial Regulations and Contract Procedure Rules. The Corporate Director – Governance & Business (Monitoring Officer) and Head of Finance & Property Services (Section 151 Officer) both have responsibilities to ensure that Council decisions meet legal requirements.

### 2.2 Principle B - Ensuring openness and comprehensive stakeholder engagement

- 2.2.1 The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards.
- 2.2.2 The resident survey has been replaced by the Stakeholder Survey to comply with the requirements of the Local Government and Elections (Wales) Act 2021 and inform the Council's Self-Assessment of performance against its functions. During November 2022 and March 2023 the council launched its

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‘Stakeholder Survey’ for the second time, to ask specific questions now required under the Act.

2.2.3 The Council publishes information on the website and all Council meetings are now webcast. Online meetings were set up during Covid-19 and due to the success of these meetings, the council has now moved to a hybrid style meeting approach.

2.2.4 Internal Communication channels involve press releases and online releases through social media channels (Facebook and Twitter) and the County Conversation portal.

## **2.3 Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

2.3.1 The strategic vision for Denbighshire is set out in its Corporate Plan. The new Corporate Plan 2022 to 2027 was approved by Council in October 2022. It sets out our Well-Being Objectives (otherwise referred to as our Corporate Plan themes), and our commitments in relation to the seven governance areas, and the Public Sector Equality Duty (which includes the new Socio-Economic Duty). Many of our Corporate Plan themes build on the work started in our last Corporate Plan demonstrates our commitment to using evidence and stakeholder aspirations to plan for the long term to prevent problems from deteriorating or developing in the first place. In short, we are committed to embedding the sustainable development principle and five ways of working.

2.3.2 The council has undertaken significant work in this year to develop its new Corporate Plan Performance Management Framework, with excellent engagement and input at all levels of the organisation. Significantly, the new framework will address concerns around a lack of national benchmarking within the council’s corporate performance reporting and elevate a significant amount of service level performance data to its public reports. New

# Annual Governance Statement

governance arrangements for the new Corporate Plan are being established and these will involve either establishing new Boards or redefining existing arrangements.

2.3.3 Our Self-Assessment, which is due to be published online [here](#) imminently, demonstrates that during the year we have used our resources economically, efficiently, and effectively; that our governance is functioning and effective; and that our focus is on securing the best possible outcomes for our environment and communities in Denbighshire.

2.3.4 This self-assessment summarises our performance and governance across the year into some general observations about our strengths and weaknesses, opportunities and challenges. Our Self-Assessment Performance Update report for the period January to March 2023, provides a baseline position for the new Corporate Plan using our new performance management framework. It provides an overview of performance against our measures and our projects, and highlights areas needing particular attention and effort.

2.3.5 A Wellbeing Impact Assessment is completed to inform significant decisions and [an assessment was undertaken for the new Corporate Plan](#). We have been in discussions with Public Health Wales, Welsh Government and other local and national partners on the arrangements for mandatory Health Impact Assessment and we are confident our existing assessment will or can meet any new requirements.

## 2.4 Principle D - Determining the intervention necessary to achieve intended outcomes

2.4.1 Senior Management and Members (via Scrutiny committees and the Governance & Audit Committee), ensure the Council remains focussed on achieving its objectives and priorities. Our Chief Executive has led on a restructure of our Corporate Executive and Senior Leadership Teams (having

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appointed two new directors to key roles, and agreeing a new structure for services from April 2023). New governance arrangements to ensure effective delivery of the new Corporate Plan themes.

2.4.2 The council's Self-Assessment of Performance for 2022 to 2023 has been approved by Council in July 2023, and includes an assessment against our governance functions, as recommended by the statutory guidance for the Local Government & Elections (Wales) Act 2021. The Quarterly Performance Reports that make up the Self-Assessment have also continued to catalogue the activity of our principle meetings (Council, Cabinet, Scrutiny, and Governance and Audit), key news items, and reports by our internal audit and external regulators.

2.4.3 Like most other councils in Wales, we know that we still need to consider arrangements to put a Peer Assessment Panel in place in the term of the current council, responding to the Local Government and Elections (Wales) Act, 2021.

2.4.4 Service Performance Challenges were suspended this year and will resume from April 2023. These are instrumental in identifying potentially transformative actions to address deficiencies in services, to better align services with strategic and collaborative objectives, and to support services to maximise opportunities to achieve better value for money or service outcomes. Actions arising from these challenges will be reported as Improvement Actions through our quarterly self-assessment reports.

### **2.5 Principle E - Developing capacity, including the capability of leadership and individuals within the Council**

2.5.1 Development is directed by the leadership strategy, apprenticeship schemes and an e-learning portal is used to develop staff at all levels.

## Annual Governance Statement

- 2.5.2 Our corporate plan was developed using the body of evidence developed by the Public Service Board. Discussion at that level - and across Boards such as the Regional Leadership Board and the North Wales Economic Ambition Board - has informed the development of our Plan.
- 2.5.3 The Council also works across a broad set of partnerships and collaborative arrangements, and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. A partnership (Alternative Service Delivery model) toolkit continues to be in place to set out key requirements and tools for ensuring partnerships are managed effectively.
- 2.5.4 Our senior leadership restructure was consulted on and implemented at Director-level from summer 2022, with the complete senior leadership structure being implemented from April 2023. This has taken longer than expected but will result in a transformational redesign of services, whereby the council is on the 'front foot' in relation to influencing and preventing demand; better positioned to maximise opportunities; and has clearer leadership on important matters like climate change and Welsh language.
- 2.5.5 We have completed a review of our flexible working policy and guidance, and subject to approval from Cabinet, these will be implemented from June 2023 together with support for staff and managers with the new ways of working. A fresh workforce planning process will commence once the new senior leadership structure is in place later in the year.
- 2.5.6 Workforce planning has continued to grow in significance as the consequences of the pandemic and changes in work patterns and opportunities have heightened challenges in relation to recruitment and retention across the council.

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## 2.6 Principle F - Managing risks and performance through strong internal control and financial management

- 2.6.1 Corporate risk registers are updated as a minimum twice every year, with significant risks brought to the attention of senior management and members. A Risk Register summary was created during the year to help communicate the growing number of risks that the council faces in the current global climate. The council's risk appetite statement was also reviewed and updated. The council's previously 'minimalist' risk appetite in relation to Workforce: Terms and Conditions was relaxed very slightly to a 'cautious' risk appetite, to reflect the way we are 'flexing' recruitment processes – in a safe way – to alleviate challenges in filling roles. All other aspects of our risk appetite statement have remained the same.
- 2.6.2 This year we have seen a growing interdependency between risks (in terms of existing risks growing in likelihood or impact), and national and global issues that are beyond our control, such as the deterioration in the economy and continuing pressures in relation to recruitment and retention. We apply a "three lines of defence model" whereby for our most serious corporate risks, we use performance data, identify key and ancillary controls, and identify external and internal assurance that is in place or is planned. For example, the risk of "a serious safeguarding or practice error, where the council has responsibility, resulting in serious harm or death" was escalated during the year. Our governance has responded to this with increasing oversight by Cabinet, Performance Scrutiny and Governance and Audit; whereby the relationship between risk management, corporate planning and workforce planning have been highly connected, and will be subject to further interrogation by Internal Audit in the new financial year.
- 2.6.3 The council has drafted a revised Information Risk Policy, which it will shortly seek approval for. The requirement for services to consider Information Risk

## Annual Governance Statement

was part of their Service Planning for 2023 to 2024 and services are also encouraged to continually review their Service Risk Registers, which should capture any information risks that services are carrying.

2.6.4 The Council has a strong record in financial management, delivering services within budget and timely production of the annual accounts. The production of the 2021-22 Statement of Accounts has been delayed due to issues identified with the Councils' unusable reserves which require a prior period adjustment. Both the 2021-22 Audited Statement of Accounts and the draft 2022-23 Statement of Accounts are scheduled to be presented to the Governance & Audit Committee in September 2023.

2.6.5 Internal Audit assess the overall quality of risk management, governance and internal control and agree actions for improvement as necessary.

### **2.7 Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability**

2.7.1 The external assessment of Internal Audit confirms it conforms to the Public Sector Internal Audit Standards. External regulators provide independent assessments, notably: Audit Wales, Care Inspectorate Wales, Estyn and Ombudsman for Wales; no significant issues raised.

2.7.2 The Council provides clear and accurate information, and has developed both its website and the format of Council reports to improve transparency and accessibility. The website has been updated to meet Accessibility Standards. Minutes of meetings and key decisions are published on the Council's website.

2.7.3 Council meetings are carried out online and are now also available to the public in accordance with legislative requirements.

# Annual Governance Statement

## 2.8 Covid-19 Impact on Governance

2.8.1 As the impact of Covid-19 pandemic drew to a close in the first quarter of 2022/23, the impact to the Council and our residents required the council to adapt the way we deliver services to our residents as well as creation of new services. This has resulted in changes to governance arrangements, with council meetings moving to a hybrid set up, and prioritisation of service delivery to cope with changing demand.

2.8.2 The Council now has simultaneous translations to virtual meetings which are now able to be webcast to allow public access and increase transparency and openness.

2.8.3 As restrictions have been lifted, the Council implemented new rules to allow key employees access to work from a council office. The Council has also left shielding arrangements for employees classed as high risk. Implementing processes at speed in response to Welsh Government grants for financial support to small businesses (NNDR).

## 2.9 Cost of Living Crisis

2.9.1 Internal Audit during 2022/23 has worked with our Revenues and Benefits service to support the team in rolling out the following Welsh Government support grants:

- Cost of living crisis support for Denbighshire residents;
- Winter fuel scheme for Denbighshire residents; &
- Alternative fuel funding.

2.9.2 Internal Audit has provided support and assistance around setting up appropriate controls to ensure that all payments claimed are made by genuine residents and the amounts being claimed are correct.

# Annual Governance Statement

## 3 Key contributors to developing and maintaining the Governance Framework

| Key Contributors                  | Contribution                                                                                                                                                                                                                                                                                                           |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Council                           | <ul style="list-style-type: none"> <li>• Approves the Corporate Plan</li> <li>• Endorses the Constitution</li> <li>• Approves the policy and financial frameworks</li> </ul>                                                                                                                                           |
| Cabinet                           | <ul style="list-style-type: none"> <li>• Primary decision-making body of the Council</li> <li>• Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios</li> </ul>                                                                                                  |
| Governance & Audit Committee      | <ul style="list-style-type: none"> <li>• Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors</li> </ul>                                                  |
| Standards Committee               | <ul style="list-style-type: none"> <li>• Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct</li> </ul>                                                                                                                  |
| Programme & Project Boards        | <ul style="list-style-type: none"> <li>• Track efficiencies, highlighting risk and mitigating actions to achievement</li> <li>• Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery</li> <li>• Plan communication and engagement activity</li> </ul>            |
| Scrutiny Committees               | <ul style="list-style-type: none"> <li>• Review and scrutinise the decisions and performance of Council, Cabinet, and Committees</li> <li>• Review and scrutinise the decisions and performance of other public bodies including partnerships</li> </ul>                                                               |
| Licensing and Planning Committees | <ul style="list-style-type: none"> <li>• Licensing Committee considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.</li> <li>• Planning Committee makes decisions on development control issues, including applications for planning permissions.</li> </ul> |

# Annual Governance Statement

| Key Contributors                                            | Contribution                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Executive Team, Senior Leadership Team & Managers | <ul style="list-style-type: none"> <li>Responsible for developing, maintaining and implementing the Council's governance, risk and control framework</li> <li>Contribute to the effective corporate management and governance of the Council</li> </ul>                                                                                               |
| Internal Audit                                              | <ul style="list-style-type: none"> <li>Provide an independent opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements</li> <li>Delivers a programme of risk based audits, including counter fraud and investigation</li> <li>Identifies areas for improvement in the management of risk</li> </ul> |
| External Audit                                              | Audit and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources                                                                     |

The Governance Framework above are now all operating as hybrid meetings with members and officers choice to either join on-line or attend the meeting in person. Meetings are now carried out online and webcast to allow the public to attend. Members and Officers have adapted to the new way of working and it ensures transparency and openness.

## 3.1 Review of Effectiveness

3.1.1 The effectiveness of governance arrangements is measured in several ways, and in 2020/21, the first year in which the Council has prepared group accounts, the Council has considered its relationship with its group entities, i.e. Denbighshire Leisure Limited, in conducting its review.

3.1.2 The Corporate Governance Officer's Group reviewed the Council's arrangements against the CIPFA/Solace Framework in March 2023 and confirmed that governance arrangements such as the Code of Conduct, Financial Regulations, and other corporate processes have broadly operated

# Annual Governance Statement

as intended during the year; there were instances of non-compliance as highlighted by Internal Audit reviews. The Corporate Governance Framework is updated to reflect the current arrangements and will continue to be updated to reflect developments.

## 3.2 Internal Sources of Assurance

3.2.1 Our Self-Assessment report for 2022 to 2023 went to the Governance and Audit Committee on 14 June and was approved by Council on 4 July.

## 3.3 Internal Audit Annual Opinion

**3.3.1** One of the key assurance statements, in reviewing effectiveness, is the annual report and opinion of the Chief Internal Auditor. Internal Audit operates a flexible audit plan which enables it to refocus on changing priorities during the year. The focus of Internal Audit work in 2022/23 was to again audit areas considered to be a higher risk and the resultant changes to control processes. The Chief Internal Auditor's opinion is that the council's governance, risk management and internal control arrangements in the areas audited continue to operate satisfactorily. While the scope of assurance work was reduced due to the three investigations, reasonable assurance can be given that there have been no major weaknesses noted in relation to the internal control systems operating within the Council. Improvement in the following areas were recommended:

| <b>Internal Audit Low Assurance Reports Issued in 2022/23</b> | <b>Agreed actions relating to significant risks/issues</b> |
|---------------------------------------------------------------|------------------------------------------------------------|
| None were issued                                              | N/A                                                        |

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## 4.0 Chief Finance Officer Statement on Compliance with the Financial Management Code

4.1 The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for local authorities.

4.2 The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

Each local authority must demonstrate that the requirements of the Code are being satisfied.

4.3 As Section 151 Officer I have the Statutory Responsibility (supported by the Corporate Leadership Team and Elected Members) for ensuring compliance with the FM Code. I have carried out a full assessment of Denbighshire's compliance with the FM Code, as part of the annual review of the Annual Governance Statement and I can confirm that in my opinion Denbighshire is compliant with the code in the majority of areas. However, areas of improvement have been identified, many of which are already underway, including:

- Develop Council's Project Management 'Verto' system to integrate more fully with Capital Business Plan process.
- Develop use of full-life costing in option appraisal.

## Annual Governance Statement

- Further develop the Budget Process to embed long term decision-making and consultation as core principles
- We will continue to lobby for multi-year indicative settlement figures from Welsh Government.
- Complete the annual review of the Medium Term Financial Strategy.

### 5.0 Key indicators

5.1 The adequacy of governance arrangements can also be gauged using several key outcome indicators:

| Key performance indicators                                                                             | Outcomes 2022/23         |
|--------------------------------------------------------------------------------------------------------|--------------------------|
| Statutory reports issued by the Monitoring Officer (Section 5 - Local Government and Housing Act 1989) | None issued              |
| Proven frauds by councillors or members of staff                                                       | None in 2022/23          |
| Ombudsman referrals 2022/23                                                                            | No complaints upheld     |
| Internal audit reports                                                                                 | No low assurance reviews |
| Complaints about elected members                                                                       | 5 in 2022/23             |
| Number of negative reports from our External Regulators                                                | None in 2022/23          |

### 6.0 Assurances from External Regulators:

#### Audit Wales

6.1 The Auditor General provides assurance that the Council's financial statements give a fair and true view of the financial position of the Council. The draft accounts were signed by the Head of Finance on the 27th June; they were made

# Annual Governance Statement

available for audit as required and were open to public inspection from 15th July to 11th August.

- 6.2. Further to an issue regarding infrastructure assets which impacted all Welsh local authorities and would delay the audit to January 2023, two more specific issues were raised in the meantime concerning DCC's council house asset values which required a prior period adjustment. Due to the complexity involved a decision was made to delay the final audit work on the 2021-22 Statement of Accounts until Summer 2023.
- 6.3 Annual Audit Summary Report 2022 provided a summary of their audit work which included:
- Assurance and risk assessment review - We reviewed the arrangements the Council has put in place to secure value for money in the use of its resources. Our work focused on the following aspects of the Council's arrangements:
    - The Local Government and Elections Act (Wales) 2021
    - Recovery planning
    - Carbon reduction plans
    - Self-assessment arrangements

Our findings from this work will be set out in our Assurance and Risk Assessment Report.

- Springing forward review – assets and workforce - During 2021-22, we examined how councils are strengthening their ability to transform, adapt and

# Annual Governance Statement

maintain the delivery of services. Our work focused on the Council's strategic management of its assets and workforce. In our report we found that overall the Council is actively developing its New Ways of Working Project, which will impact on both its building assets and its workforce, integrating this activity with wider strategies, and looking further ahead will strengthen the Council's consideration of the sustainable development principle.

## Local projects

- Delivering Sustained Performance Improvement - During 2021-22 we examined if the Council's performance management arrangements are robust and likely to support continuous and sustainable improvement as it rebalances from the impact of COVID-19. In our report we found that the Council's performance management arrangements are supporting the delivery of the Council's corporate priorities, with opportunities to strengthen arrangements in some areas.

## 7.0 Estyn and Care Inspectorate Wales

7.1 The Council is subject to Statutory External Inspections from various bodies including ESTYN and Care Inspectorate Wales (CIW). Recent work is summarised below:

- CIW have identified strengths and areas for priority improvement, and they will review the progress of these areas through their performance evaluation review meetings with the Council's heads of service and director.
- There were no Denbighshire County Council inspections in this period, but Estyn has resumed its inspection of local schools in Denbighshire, and services that are registered with CIW in Denbighshire are subject to regular review.

# Annual Governance Statement

## 8.0 Action Taken in Response to 2021/22 Annual Governance Statement

8.1 Last year's Annual Governance Statement highlighted seven areas for improvement. The table below sets out the action taken to address these issues during 2022/23:

| Improvement areas identified in 2021/22                                                                                                      | Progress to date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code | <p>Welsh Government provided a one-year indicative settlement figure in 2023/24 for 2024/25. We will continue to lobby for the return of multi-year indicative settlement figures.</p> <p>We reviewed the Medium-Term Financial Strategy and will continue to review on an annual basis.</p> <p>We monitored the impact of external pressures, such as legacy impact of Covid-19 and Cost of Living crisis, on our budgets and demand for services.</p> <p>We will continue to include the un-earmarked reserves in the corporate dashboard to compliment the annual outturn projections.</p> <p>Work on the following areas are continuing and will be rolled over to 2023/24:</p> <ul style="list-style-type: none"> <li>• Further develop the Budget Process to embed long term decision-making and consultation as core principles.</li> </ul> |
| Uncertainty over future funding arrangements following EU exit around Levelling Up Funds and Shared Prosperity Funds.                        | <p>Resources and processes put in place to ensure that the Council maximises the opportunities in relation to the new UK Funding Initiatives including the UK Levelling Up Fund, UK Community Renewal Fund and the forthcoming UK Shared Prosperity Fund.</p> <p>Denbighshire has been successful in applying for the various funds available and we have been working with the services to ensure appropriate controls around diligence checks</p>                                                                                                                                                                                                                                                                                                                                                                                                |

## Annual Governance Statement

| Improvement areas identified in 2021/22                                                                                                         | Progress to date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                 | are in place to safeguard the monies and ensure the projects are completed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Workforce capacity and resilience and reliance on key positions                                                                                 | <p>The last two CET positions, Corporate Director – Governance &amp; Business and Corporate Director – Economy &amp; Environment were filled in September 2022.</p> <p>The consultation paper on the review of the Senior Leadership Team (SLT) was approved in January 2023 and the five Head of Service positions will be filled by the end of July 2023.</p> <p>A review of the workforce plan has been completed by Internal audit and a medium assurance rating was provided. We confirmed that HR are working effectively through their action plan, but our review identified that certain positions are difficult to fill and therefore, we will look at a follow up in Quarter 4.</p> |
| Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality. | <p>This is still ongoing as the service over the last year has been involved in recruitment for two Corporate Directors, five Head of Service and have recruitment challenges within the service.</p> <p>It has been agreed at the HoS meeting in June 2023 that this would be rolled over into 2023/24.</p>                                                                                                                                                                                                                                                                                                                                                                                   |
| Implement requirements of the Local Government & Elections (Wales) Act 2021.                                                                    | The Head of Legal, HR & Democratic Services and Strategic Planning & Performance Manager have completed this task.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Address contract management weaknesses highlighted by Internal Audit.                                                                           | Internal audit completed two more follow-ups during the year and in November 2022, the assurance rating went from medium to high assurance as we noted a significant progress by the Procurement team. No further action required.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Review the Whistleblowing Policy                                                                                                                | This review has not been completed again this year due to several factors and it has been agreed to roll into the following year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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## 9.0 Improvement Actions Arising from 2022-23 Annual Governance Statement

9.1 Looking ahead, the following areas for improvement have been identified to be addressed in 2023/24. This takes into consideration the continued impact of the coronavirus pandemic on governance:

| Improvement areas identified for 2023/24                                                                                                     | Agreed action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuing budget pressures and uncertainty over funding. Also, address any actions arising from the review of the Financial Management Code | <p>Welsh Government provided a one-year indicative settlement figure in 2023/24 for 2024/25. We will lobby for the return of multi-year indicative settlement figures.</p> <p>We reviewed the Medium-Term Financial Strategy and will continue to review on an annual basis.</p> <p>Work on the following areas are continuing and will be rolled over to 2023/24:</p> <p>Develop the Council's Project Management system to integrate with Capital Business Plan process.</p> <p>Further develop the Budget Process to embed long term decision-making and consultation as core principles.</p> |
| Uncertainty over future funding arrangements following EU exit around Levelling Up Funds and Shared Prosperity Funds.                        | <p>Denbighshire has been successful in applying for the various funds available and we have been working with the services to ensure appropriate controls around diligence checks are in place to safeguard the monies and ensure the projects are completed.</p> <p>The next stage will be to provide support to services around maintaining appropriate financial records and where required, completing an audit of the completed accounts to comply with funding regulations.</p>                                                                                                            |
| Workforce capacity and resilience and reliance on key positions                                                                              | Recruit vacant five Head of Service positions by the end of July 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Annual Governance Statement

| Improvement areas identified for 2023/24                                                                                                        | Agreed action                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                 | <p>Internal Audit to look at a follow up of workforce planning process.</p> <p>Chief Internal Auditor by 31/03/2023.</p> <p>New Ways of Working Project includes a work-stream developing new HR policies to support future work patterns</p>                                                 |
| Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality. | <p>Review and update Officers' code of conduct and the process for capturing and response taken to declaration of interest, gifts and hospitality.</p> <p>Revised system to capture officer declaration of interests and gifts and hospitality.</p> <p>Strategic HR Manager by 31/03/2024</p> |
| Review the Whistleblowing Policy                                                                                                                | <p>Update the policy capturing lessons learned from recent concerns raised.</p> <p>Corporate Director – Governance &amp; Business by 31/03/2024</p>                                                                                                                                           |
| Address exceptions, exemptions and variations from Contract Procedure Rules (CPRs)                                                              | <p>This was not reviewed due to restructuring / recruitment issues. Once the service has been restructured and a manager appointed, Internal Audit will review progress report the findings to the next Governance &amp; Audit committee.</p>                                                 |

The areas for improvement that we have identified will be monitored by the Governance & Audit Committee and the Corporate Governance Officers Group. This plan also includes any issues raised in last year's action plan that have not yet been fully addressed.

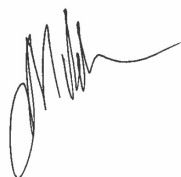
## Certification

We propose over the coming year to take steps to address the issues identified in our Governance Improvement Action Plan to enhance our governance arrangements. We are

## Annual Governance Statement

satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Name** Cllr Jason McLellan, Leader of the Council



**Signed**

**Dated** 04.09.2023

**Name** Graham Boase, Chief Executive



**Signed**

**Dated** 07/08/23

## **Section 8: Glossary**

**ACCOUNTING PERIOD** - The period of time covered by the accounts, typically a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

**ACCOUNTING POLICIES** - The specific principles, bases, conventions, rules & practices applied by the Council in preparing & presenting its financial statements.

**ACCRUALS** - Amounts included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

**ACTUARIAL GAINS AND LOSSES** - For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

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

**AGENCY ARRANGEMENTS** - An arrangement between two organisations where one will act as an agent, collecting money on behalf of the other party, to whom the money is then paid over. An example of this is NNDR collections, where the Council is acting as the billing agent for central government, collecting money from tax payers on behalf of central government and then paying it over to them.

**AMORTISATION** - The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time. Such payments must be sufficient to cover both principal & interest.

**ASSET** - An item having value to the authority in monetary terms. Assets are classed as either current or non current:

- A **current** asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A **non current** asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be **tangible** e.g. a school building, or **intangible**, e.g. computer software licences.

**AUDIT OF ACCOUNTS** - An independent review of the Authority's financial affairs.

**BALANCE SHEET** - A statement of the recorded assets, liabilities and reserves at the end of the accounting period.

**BUDGET** - The anticipated net revenue and capital expenditure over the accounting period.

**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, the 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 PROGRAMME** - The capital schemes the Council intends to carry out over a specified period of time.

**CAPITAL RECEIPT** - The income from the disposal of land or other non current assets. Proportions of Housing capital receipts can be used to finance new capital expenditure,

within rules set down by the Government, but they cannot be used to finance revenue expenditure except for Revenue Expenditure Funded from Capital Under Statute.

**CASH** - Comprises cash on hand & demand deposits.

**CASH EQUIVALENTS** - Short-term, highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value.

**CASH FLOWS** - Inflows & outflows of cash & cash equivalents.

**CIPFA** - The Chartered Institute of Public Finance and Accountancy.

**COMMUNITY ASSETS** - Assets that the Council plans to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

**CONTINGENT ASSET** - A contingent asset is a likely asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

**CONTINGENT LIABILITY** - A contingent liability is either:

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

**CREDITOR** - Amount owed by the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

**CURRENT SERVICE COST (PENSIONS)** - The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

**DEBTOR** - Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**DEFINED BENEFIT PENSION SCHEME** - Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**DEPRECIATED REPLACEMENT COST (DRC)** - A method of valuation which gives a recognised approximation for the market value of specialised properties. It is an estimate of the market value for the existing use of the land, plus the current gross replacement costs for the building less an allowance for physical deterioration of the asset to its current equivalent physical state.

**DEPRECIATION** - The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's non current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

**DISCRETIONARY BENEFITS (PENSIONS)** - Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as The Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007.

**EFFECTIVE INTEREST RATE** - This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

**EMPLOYEE BENEFITS** - All forms of consideration given by the Council in exchange for service rendered by its employees.

**EVENTS AFTER THE BALANCE SHEET DATE** - Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

**EXCEPTIONAL ITEMS** - Material items which derive from affairs or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**EXISTING USE VALUE (EUV)** - The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. It assumes that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

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

**EXTRAORDINARY ITEMS** - Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

**FAIR VALUE** - The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

**FINANCE LEASE** - A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee.

**FINANCIAL INSTRUMENT** - 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.

**FINANCING ACTIVITIES** - Activities that result in changes in the size & composition of the principal received from or repaid to external providers of finance.

**GOING CONCERN** - The concept that the statement of accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

**GOVERNMENT GRANTS** - Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. Grants may be specific to a particular scheme or may support the revenue or capital spend (respectively) of the Authority in general.

**HOUSING BENEFITS** - A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

**HOUSING REVENUE ACCOUNT (HRA)** - A separate account to the Council Fund that includes the expenditure and income arising from the provision of housing accommodation by the Authority.

**IMPAIRMENT** - A reduction in the value of a non current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) or a general fall in prices.

**INCOME** - Amounts that the Council receives or expects to receive from any source, including fees, charges, sales and grants.

**INCOME AND EXPENDITURE ACCOUNT** - The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from precepts, grants and other income.

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

**INTANGIBLE ASSETS** - An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets most frequently found in local authorities are computer software.

**INTEREST COST (PENSIONS)** - For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INVENTORIES** - Items of raw materials and stores an authority has procured and holds in expectation of future use.

**INVESTING ACTIVITIES** - The acquisition & disposal of long-term assets & other investments not included in cash equivalents.

**INVESTMENT PROPERTY** - Property that is held solely to earn rentals or for capital appreciation or both.

**INVESTMENTS (PENSION FUND)** - The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**LEASE** - An agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for a period of time.

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

- A **current** liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A **deferred** liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

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

**MINIMUM REVENUE PROVISION (MRP)** - The minimum amount, which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

**NET BOOK VALUE** - The amount at which non current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

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

**OPERATING ACTIVITIES** - The activities of the Council that are not investing or financing activities.

**OPERATING LEASE** - A lease where the ownership of the non current asset remains with the lessor.

**PAST SERVICE COST (PENSIONS)** - For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PENSION SCHEME LIABILITIES** - The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**PRECEPT** - The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

**PRIOR YEAR ADJUSTMENT** - Material adjustments relating to prior years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**PROJECTED UNIT METHOD** - An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

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

**PUBLIC WORKS LOAN BOARD (PWLb)** - A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

**RATEABLE VALUE** - The annual assumed rental value of a property, which is used for NDR purposes.

**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.

**RELATED PARTY TRANSACTIONS** - The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

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

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

**RESIDUAL VALUE** - The net realisable value of an asset at the end of its useful life.

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

**REVENUE EXPENDITURE** - The day-to-day expenses of providing services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)** - Expenditure which can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. This is to enable it to be funded from capital resources. Examples of REFCUS are grants of a capital nature to voluntary organisations.

**REVENUE SUPPORT GRANT** - A grant paid by Central Government to authorities, contributing towards the general cost of their services.

**SERVICE CONCESSION ARRANGEMENT** - A service concession agreement generally involves the grantor (usually a public sector body) conveying to the operator (usually a private sector entity), for the period of the concession, the right to provide services that give the public access to major economic & social facilities.

**SOFT LOAN** - A loan made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

**TEMPORARY BORROWING** - Money borrowed for a period of less than one year.

**TRUST FUNDS** - Funds administered by the Authority for such purposes as prizes, charities, specific projects, and on behalf of minors.

**USEFUL ECONOMIC LIFE (UEL)** - The period over which the Council will derive benefits from the use of a non current asset.

**WORK IN PROGRESS** - The cost of work performed on an incomplete project at the balance sheet date, which should be accounted for.