



# Statement of Accounts 2023/24



**Rhondda Cynon Taf County Borough Council**  
**Statement of Accounts 2023/24**

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## **Narrative Report**

### **1. Introduction**

Rhondda Cynon Taf is the third largest Council in Wales with a population of 239,018 (2022 mid-year estimate), serving an area in the South Wales Valleys covering 424 square kilometres, stretching from the Bannau Brycheiniog National Park in the north to the Capital City of Cardiff in the south.

The accounts for 2023/24 have been prepared in accordance with:

- Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards (IFRS).
- Accounts and Audit (Wales) Regulations 2014 (as amended).

The accounts set out on pages 1 to 162 comply with the above.

### **2. Impact of Major Events**

#### **2.1 Cost of Living Support**

Over the past two financial years, the Council has delivered a number of cost-of-living support schemes that have been funded by Welsh Government and supplemented with the Council's own resources. In September 2023, a further Local Cost-of-Living Support scheme was implemented, providing financial support amounting to £3.5m, and included:

- Payments to families with one child or more of compulsory school age;
- Support to lower paid Council staff;
- Local Cost of Living Hardship fund, Resident Support - including support for fuel, food and housing;
- Local Cost of Living Hardship fund – Community Support – including Winter Welcome Centres/Warm Hubs;
- Support to food banks; and
- Community Facilities Energy Support Grant.

#### **2.2 The Council's Response to Extreme Weather**

During 2023/24, the Council continued to deliver an on-going programme of flood alleviation schemes and communication measures across the County Borough, in line with its flood risk management responsibilities, to help enhance the resilience of communities against severe flood events.

In addition, in January 2024, a Local Flood Risk Management Strategy (LFRMS) and Action Plan was adopted by the Council. This was following a period of consultation from August to October 2023 and is a key duty under Section 10 of the Flood and Water Management Act 2010. This work forms the revised Strategic Environment Assessment Environmental Report that presents an assessment of the potential environmental effects of RCTCBC's revised Local Strategy and was also part of the consultation process. The LFRMS sets out:

- The roles and responsibilities and the risk management functions of authorities;
- Strategic objectives for managing local flood risk;
- Timescales and implementation costs;
- Benefits of these measures;
- Assessment of local flood risk;
- Method and timescales for review of the plan; and
- How the Strategy contributes to the achievement of wider environmental objectives.

### **3. Impact of Economic Climate**

On the 28<sup>th</sup> February 2023, the Minister for Finance and Local Government (Rebecca Evans MS) announced the 2023/24 Local Government Settlement. This included an overall increase in Revenue Support Grant (RSG) and Non-Domestic Rates funding of 7.9%, with an increase for Rhondda Cynon Taf of 6.6%. Council officers and Members continue to take their fiduciary duty extremely seriously and this has been demonstrated by the setting of prudent, equitable and fair budgets. The financial results and position demonstrated in this Statement of Accounts reflect sound financial stewardship.

Given the continuing financial pressures the Council is working under, it remains the view of the Deputy Chief Executive/Group Director – Finance, Digital and Frontline Services (Section 151 Officer) that the Council should hold a minimum of £10m as General Fund Balances, (i.e. its working balance). This level is set given the context of the need for continued strong financial management that is felt to be essential to ensure that the Council maintains financial flexibility and stability going forward.

### **4. Medium Term Financial Plan 2023/24 to 2026/27**

The Council's latest Medium Term Financial Plan 2023/24 to 2026/27 was reported to full Council on 20<sup>th</sup> September 2023 and set out that medium term financial planning is the cornerstone of good governance and is an enabler of service delivery and service improvement within the constraints of available resources. The Plan also set out the wider operational context, in that the public sector has faced a sustained period of real term reductions in funding levels for a number of years and, from a local government context, unprecedented challenges lie ahead for services across the sector due to high levels of inflation; the implications of geo-politics; the on-going cost-of-living crisis; and increasing demand and costs associated with many services, in particular social care services.

Locally, this Council has demonstrated its ability and willingness to invest in services over a long-term period, linked to our priorities as set out in the Council's Corporate Plan "Making a Difference - 2020 – 2024", in order to meet the changing needs of our residents and communities. The significant 'additional'

investment already agreed by Members during recent years is providing real improvements across many areas including Schools, Town Centres, Roads and Parks and Play Areas, alongside specific packages of financial support, funded by the Council and Welsh Government, to help families through the cost-of-living crisis.

Whilst the approach of providing additional investment into Corporate Plan priority areas through the use of one-off funds has been very positive, the Council recognises that it must still address projected base budget shortfalls and make difficult decisions to balance its ongoing revenue budget into the medium term and, in doing so, ensure services are sustainable.

The Council continues to focus on the budget gap position over the medium term that includes the successful implementation of a strategy of early identification and delivery of base budget reducing measures in-year. This has enabled the Council to deliver financial savings early and to replenish the Medium Term Financial Planning and Service Transformation Reserve which has been used proactively as part of the budget strategy for a number of years.

## **5. Local Development Plan**

The Council is revising the Local Development Plan which covers the period 2022-2037 (formal consultation between February and April 2024). The revised plan will build on the existing plan and will have a significant role to play in shaping the County Borough to ensure that it grows in a sustainable manner, whilst meeting community needs. It will be the statutory land-use planning document and will set out the amount and location of new development as well as being the basis for future development management decisions (planning applications). The RCT Revised LDP (RLDP) should seek to:

- Have a clear and deliverable vision, based on sound place-making principles, embedded into local policy to facilitate sustainable development.
- Provide a coherent strategy that reflects the aspirations of the Council, key stakeholders and our communities.
- Facilitate growth in settlements that have identified capacity, in line with the Settlement Hierarchy.
- Identify areas that can accommodate infrastructure and employment/housing provision, whilst simultaneously protecting RCT's distinctive built and natural environments.
- Facilitate, in land-use terms, the objectives of the Well-Being of Future Generations (Wales) Act, the National Sustainable Place-making Outcomes, the Council's Corporate Plan and the Cwm Taf Morgannwg Well-Being Plan.
- Utilise national policy, plans and guidance, particularly Planning Policy Wales and Future Wales, to provide a robust framework for development within RCT, which defines the role and function of places.
- Identify how RCT will change and develop over the lifetime of the RLDP (to 2037).



The current LDP has a plan period of 2006 to 2021, with the RLDP for the period 2022 to 2037. However, the current LDP remains in force until the RLDP is adopted (which is currently timetabled for early 2026).

## 6. The Council's Corporate Planning Arrangements

For 2023/24 the Council's Corporate Plan 2020-2024 was the key strategic plan, focusing on 3 priorities:

- Ensuring **People** are independent, healthy and successful;
- Creating **Places** where people are proud to live, work and play; and
- Enabling **Prosperity**, creating the opportunity for people and businesses to be innovative, be entrepreneurial and fulfil their potential and prosper.

The delivery of the above priorities was underpinned within the Corporate Plan through an approach that, amongst other things, focussed on 'Living within our means', being an 'Efficient and Effective Council' and taking action to tackle climate change.

During 2023/24, the Council's Cabinet received progress updates on the delivery of the three Corporate Plan priorities of People, Places and Prosperity, these being reported as part of the Council's quarterly performance reporting arrangements and Cabinet confirmed that they were satisfied with the progress made. Following this, the Performance Reports were reported to the Council's Overview and Scrutiny Committee for review and challenge.

The Council also approved its 'Annual Self-Assessment 2022/23 – Incorporating the Council's Corporate Performance Report' in January 2024, following review by the Governance and Audit Committee and in line with the Local Government and Election (Wales) Act 2021 for each Council in Wales to keep under review the extent to which it is meeting the performance requirements of: exercising its functions effectively; using resources economically, efficiently and effectively; and governance is effective for securing the aforementioned requirements. The Annual Self-Assessment also set out the Council's work to meet the requirements of the Well-Being of Future Generations Act sustainable development principle.

Alongside the above, a new Corporate Plan for 2024-2030 was presented to and approved by Council in April 2024. The Plan, which has been informed by wide ranging engagement, provides a Vision for the County Borough through to 2030 and sets out the Council's Well-being Objectives and the priorities it will focus upon over the next six years. This is the Council's third Corporate Plan and is structured around 4 well-being objectives which will help to improve the social, economic, environmental and cultural well-being of RCT. These objectives are:

- **People and Communities** – Supporting and empowering RCT residents and communities to live safe, healthy, and fulfilling lives;
- **Work and Business** – Helping to strengthen and grow RCT's Economy;

- **Nature and the Environment** – A green and clean RCT that improves and protects RCT's environmental and nature; and
- **Culture, Heritage and Welsh Language** – Recognising and celebrating RCT's past, present and future.

The delivery of the above priorities is underpinned by applying the 5 ways of working:

- Involving local people, a range of stakeholders and Councillors in shaping the plan;
- Working with others to implement the plan;
- Looking ahead at the challenges and opportunities;
- Integration, to consider the work of other organisations to complement the plan; and
- Preventing problems from occurring or getting worse across each of the well-being objectives.

The Council also continued its commitment to a strategic capital investment programme, a number of which link in with and complement the Cardiff Capital Region City Deal (South East Wales Corporate Joint Committee from 1<sup>st</sup> April 2024):

- Town Centre regeneration and supporting local businesses;
- Improving school buildings and facilities;
- Improving adult social care provision through a long-term programme of creating new Extra Care facilities and specialist care accommodation;
- Supporting housing improvements and availability through Disabled Facilities Grants / Adaptations and bringing empty properties back into use;
- Improving the condition of roads and investing in transportation schemes to support the development of the South Wales Metro;
- Investing in community assets such as parks, leisure equipment and playgrounds;
- A programme of flood alleviation works and projects to tackle climate change; and
- Solar Farm investment.

The Cwm Taf Morgannwg Public Services Board is a Joint Board comprising a collection of public bodies working together to improve the cultural, economic, environmental and social well-being of people who love, work and visit the Cwm Taf areas of Rhondda Cynon Taf, Bridgend and Merthyr Tydfil. Alongside this, a new Well-being Plan for the period 2023 – 2028 was approved by Rhondda Cynon Taf Council, as one of the statutory partners, on 29<sup>th</sup> March 2023.

The Cwm Taf Morgannwg Well-being Objectives 2023 – 2028 are:

- Healthy local neighbourhoods; and
- Sustainable and resilient local neighbourhoods.

The objectives set out in the Council's Corporate Plan and the Cwm Taf Morgannwg Well-being Plan will help the Council and Cwm Taf Morgannwg

Public Services Board to contribute to the seven national Well-being goals, as set out in the Well-being of Future Generations Act:

- A globally responsible Wales;
- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;
- A Wales of cohesive communities; and
- A Wales of vibrant culture and thriving Welsh Language.

## **7. Explanation of Core Financial Statements**

The Statement of Accounts that follow this Narrative Report contains the following Core Financial Statements:

- **Movement in Reserves Statement (MiRS)** – analyses the movement in usable and unusable reserves.
- **Comprehensive Income and Expenditure Statement (CI&ES)** – reflects income and expenditure in accordance with IFRS and is analysed into service areas which reflect the way in which services operate and performance is managed.
- **Balance Sheet** – reflects all assets, liabilities and reserves of the Council as at the end of the financial year.
- **Cash Flow Statement** – analyses the movement in cash and cash equivalents for the year.

In the financial statements for 2023/24, two joint committees are consolidated:

- Central South Consortium Joint Education Service (CSCJES); and
- Cardiff Capital Region City Deal (CCRCD).

**Group Accounts** - Amgen Cymru Ltd. and Amgen Rhondda Ltd have been identified as group companies and have been consolidated into the group financial statements. Based on materiality, the associate company (WSP Glamorgan Consultancy Ltd.) is not consolidated. Subsidiary companies are consolidated into the group statements using the acquisition method.

**Annual Governance Statement** – this is included within the Statement of Accounts. This statement details the Council's governance arrangements and reviews its effectiveness.

## 8. **Revenue Income and Expenditure 2023/24**

The Comprehensive Income and Expenditure Statement provides an analysis of the Council's gross revenue expenditure and income in accordance with IFRS.

The broad objectives of The Council's 2023/24 Revenue Budget Strategy were to:

- Support the delivery of our key strategic priorities –
  - People – Are independent, healthy and successful;
  - Places – Where people are proud to live, work and play;
  - Prosperity – Creating the opportunity for people and businesses to be innovative, be entrepreneurial and fulfil their potential and prosper;
- Retain the support of Audit Wales for the approach the Council has adopted to securing strong financial management;
- Continue with the delivery of our key services and protect as many local jobs as possible whilst continuing to maximise efficiency; and
- Take a responsible approach to the level of Council Tax.

The Council's services are managed and delivered by four groups:

- **Chief Executive** - Providing the authority wide functions of Human Resources, Legal and Democratic Services; the frontline services of Regeneration, Housing, Planning Services, and key support services of Corporate Estates and Procurement.
- **Finance, Digital & Frontline Services** - Providing Finance and Digital Services together with the frontline services of Highways; Transportation; Strategic Projects; Streetcare (including Waste and Street Cleansing) and Parks Services.
- **Education & Inclusion Services** - Providing support services to children, schools and their families via a range of service areas. These include Access and Inclusion; School Admissions; School Governance; Attendance and Wellbeing; Sustainable Communities for Learning; Asset and Data Management; Catering Services; Childcare; School Improvement, including through the commissioned services provided by CSCJES.
- **Community & Children's Services** - Providing Adult Services (Community Care Services and Health and Social Care Services); Children's Services; Community Housing Services; Public Health & Protection; Leisure, Countryside and Cultural Services (including Theatres); Visitor Attractions & Heritage; Community Learning Services; Libraries; Welsh Language Services; Youth Engagement & Participation; and Employment Programmes.

The following table details each of the service groups' actual net expenditure and budget during 2023/24. Further details are published on the Council's website within the year-end Performance Report for 2023/24.

This represents the net revenue expenditure of the Council in line with the statutory provisions that need to be taken into account when setting local taxes.

The variance against budget contributes to the movement on the Council Fund Balance:

Service Group	Budget	Spend	Variance
	£'000	£'000	£'000
Chief Executive	27,949	27,627	(322)
Community & Children's Services	201,416	203,871	2,455
Education & Inclusion Services	222,668	222,702	34
Finance, Digital & Frontline Services	79,067	79,293	226
<b>Total</b>	<b>531,100</b>	<b>533,493</b>	<b>2,393</b>
Authority Wide Budgets	78,855	78,566	(289)
<b>Total</b>	<b>609,955</b>	<b>612,059</b>	<b>2,104</b>

	<b>£'000</b>
<b>Council Fund Reserves as at 31<sup>st</sup> March 2023</b>	<b>(10,240)</b>
Revenue Budget Out-turn (Variance as above)	2,104
Release of Earmarked Reserves	(2,104)
<b>Council Fund Reserves as at 31<sup>st</sup> March 2024</b>	<b>(10,240)</b>

Expenditure on services amounted to £900m and this can be analysed over the following expenditure categories:

Type of Expenditure	£'m	%
Employees	398	44
Premises	43	5
Transport	26	3
Supplies and Services	98	11
Payments to Third Parties	166	19
Transfer Payments	82	9
Capital Charges	84	9
Other Operating Costs (e.g. Support Services)	3	0
<b>Total Gross Expenditure</b>	<b>900</b>	<b>100</b>

Income during the year totalled £1,017m and came from the following sources:

<b>Income Analysis</b>	<b>£'m</b>	<b>%</b>
Direct Service Income		
Specific Grants	201	20
Sales, Fees & Charges	42	4
Other Income	43	4
<b>Sub-Total Direct Service Income</b>	<b>286</b>	<b>28</b>
Other Income		
Council Tax	157	15
Non-Domestic Rates	77	8
Non-Ringfenced Government Grants	398	39
Capital Grants and Contributions	97	9
Other	2	1
<b>Total Income</b>	<b>1,017</b>	<b>100</b>

## 9. Capital Expenditure and Income 2023/24

During the year the Council incurred £169.868m of capital expenditure, as summarised below:

<b>Group</b>	<b>£'000</b>
Chief Executive	29,631
Finance, Digital & Frontline Services	64,477
Community & Children's Services	8,679
Education & Inclusion Services	67,081
<b>Total</b>	<b>169,868</b>

The type of capital expenditure incurred during the year is summarised below:

<b>Capital Expenditure</b>	<b>£'000</b>
Tangible Long-Term Assets	150,619
Intangible Long-Term Assets	3,321
Revenue Expenditure Funded from Capital under Statute	15,928
<b>Total</b>	<b>169,868</b>

This expenditure was financed as follows:

<b>Capital Financing</b>	<b>£'000</b>
Revenue Funding	28,105
Capital Development Fund	366
Capital Receipts	165
Borrowing	26,549
Grants	113,211
Third Party Contributions	1,472
<b>Total</b>	<b>169,868</b>

Significant expenditure was incurred on:

- Disabled Facilities Grants/Adaptations;
- Storm Dennis Flood Recovery;
- New schools and modernisation of existing schools, for example, YGG Lyn Y Forwyn; Ysgol Bro Taf (Pontypridd 3-16); Ysgol Afon Wen (Hawthorn 3-16); and Bryncelynnog Comprehensive; and
- A4119 Coed Ely Dualling.

## 10. Summary of Future Capital and Revenue Plans

The priorities included within the Council's Corporate Plan 2024 – 2030 "Working With Our Communities" need to be underpinned by robust financial management. Forward looking financial and service planning arrangements are critical in ensuring the Council's priorities are affordable and lead the work to become more efficient, transform services and deliver investment priorities.

Capital and revenue budgets are approved annually by full Council. The Capital Programme is approved for a rolling 3-year period and updated annually. Revenue budgets are set annually in line with the Welsh Government settlement announcements.

A summary of the Capital Programme 2024/25-2026/27 agreed by Council in March 2024 is as follows:

<b>Group Expenditure</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive	38,221	9,306	6,255	<b>53,782</b>
Finance, Digital & Frontline Services	41,760	5,126	4,926	<b>51,812</b>
Education & Inclusion Services	38,790	4,517	2,773	<b>46,080</b>
Community & Children's Services	12,464	746	746	<b>13,956</b>
<b>Total</b>	<b>131,235</b>	<b>19,695</b>	<b>14,700</b>	<b>165,630</b>

Estimated resources required to fund the future Capital Programme are:

<b>Estimated Resources Required to Fund Capital Programme</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Supported Borrowing	6,822	6,822	6,822	<b>20,466</b>
Unsupported Borrowing	12,157	981	0	<b>13,138</b>
Capital Grants	47,559	9,421	7,006	<b>63,986</b>
Third Party Contributions	15	0	0	<b>15</b>
General Fund Capital Resources	14,925	1,521	872	<b>17,318</b>
Revenue Contributions	49,757	950	0	<b>50,707</b>
<b>Total</b>	<b>131,235</b>	<b>19,695</b>	<b>14,700</b>	<b>165,630</b>

As at 31<sup>st</sup> March 2024, major capital commitments over the next three years (per the Capital Programme 2024-2027) include the following schemes:

<b>Scheme</b>	<b>£'000</b>
Coed Ely Solar Farm	7,388
Pontypridd Southern Gateway	12,198
Disabled Facilities Grants/Adaptations (DFG)	8,065
Highways Improvements	8,617
Structures	6,970
Transportation Infrastructure	14,829
School Modernisation	5,536
Ysgol Bro Taf (3-16 Pontypridd School Modernisation)	5,965
Ysgol Afon Wen (3-16 Hawthorn School Modernisation)	6,437
YGG Llyn Y Forwyn	6,779
Modernisation Programme (Adults)	7,158

A summary of the Council's revenue budget for 2024/25 (agreed in March 2024) is outlined below:

<b>Service Area</b>	<b>£'000</b>
Authority Wide	77,221
Individual Schools Budget	198,462
Community & Children's Services	210,154
Finance, Digital and Frontline Services	82,604
Chief Executive	27,177
Education & Inclusion Services	36,177
<b>Total</b>	<b>631,795</b>

## 11. Borrowing Arrangements and Sources of Funds

Each year, in accordance with the Local Government Act 2003 and the Prudential Code, the Council is required to set limits in relation to borrowing and to set various other prudential and treasury indicators.

The limit set at the start of the financial year was as follows:

The Authorised borrowing limit approved at the start of the year was £625.0m

The Council's actual borrowing totals £283.9m, of which £273.4m is long-term and £10.5m is short-term. This external borrowing is from the Public Works Loan Board (PWLb) £197.9m, £86m from market loans and other sources. These borrowing figures do not match the Balance Sheet as the figures in the Statement of Accounts include the adjustment for fair value, as required by the Code of Practice.

The Council is required to prepare a Treasury Management Strategy and a Capital Strategy for the forthcoming year, and these were approved by full Council on 29<sup>th</sup> March 2023 for the 2023/24 financial year. The Council's Treasury Management Practices allow the Council to raise funds from a variety of sources, including the PWLB and the money market. The Section 151 Officer is authorised



to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

## 12. **Pensions Assets and Liabilities**

As a result of International Accounting Standard (IAS) 19 “Employee Benefits”, local authorities are required to account for pensions liabilities in respect of the cost of decisions made up to the Balance Sheet date. Please refer to notes 14.4 and 33.0 to the Core Financial Statements for further details. The effect of IAS 19 upon the reserves of the Council is as follows:

	<b>£'000</b>
Net Assets excluding Pensions Reserve	1,298,761
Net Assets as per Balance Sheet	1,290,800

## 13. **Cardiff Capital Region City Deal (CCRCD)**

On 15<sup>th</sup> March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal, an agreement between the UK Government, the Welsh Government and the ten leaders to develop and manage £1.2 billion investment in the Cardiff Capital Region’s infrastructure through a 20-year Investment Fund. This investment comprises £734m on a Metro scheme and £495m for Investment in infrastructure, housing, skills and training, innovation, business growth and “Metro plus” transport proposals.

Further to the 20<sup>th</sup> September 2021 Cardiff Capital Region Cabinet meeting agreeing to transition CCR’s existing operational and delivery model into a single corporate body, the South East Wales Corporate Joint Committee (SEWCJC), transition plan updates were reported to the Joint Committee during the year in advance of a 1<sup>st</sup> April 2024 implementation date.

During 2023/24 the SEWCJC developed and approved its Constitution including arrangements for scrutiny, statutory sub-committees and statutory policies such as its Strategic Equality Plan, and considered progress against the 2023/24 Annual Business Plan alongside in-year budget monitoring updates. Looking ahead, the SEWCJC reviewed and approved the 2024/25 Budget and Annual Business Plan on the 29<sup>th</sup> January 2024, and its Treasury Management Strategy for the year ahead on 18<sup>th</sup> March 2024, with the SEWCJC becoming fully operational from 1<sup>st</sup> April 2024.

For 2023/24 the Joint Committee accounts of CCRCD (which includes the subsidiary company CSC Foundry Ltd) have been consolidated into the Council’s accounts based upon the population figures as specified in the Joint Working Agreement approved by Council on 25<sup>th</sup> January 2017.


## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services.
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I confirm that these accounts were approved by Council.

Signature:  Date: 06/11/24

### Presiding Officer

Rhondda Cynon Taf CBC  
Llys Cadwyn 2  
Pontypridd  
CF37 4TH

**The Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services' Responsibilities**

The Director is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Director has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the code.

The Director has also throughout the financial year:

- Maintained proper accounting records that were kept up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Certificate of the Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services on the Accounts of Rhondda Cynon Taf CBC for 2023/24**

I certify that the accounts present a true and fair view of the financial position of Rhondda Cynon Taf CBC as at 31<sup>st</sup> March 2024 and its income and expenditure for the year.

Signature:  Date: 06/11/24

**Barrie Davies**  
**Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services**  
**Rhondda Cynon Taf CBC**  
Llys Cadwyn 2  
Pontypridd  
CF37 4TH

**Movement in Reserves Statement (MiRS)**

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 “unusable reserves”. The Total Comprehensive Income and Expenditure line shows the economic cost of providing the Council’s services on an International Financial Reporting Standards basis, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting. The Net Increase/(Decrease) before transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

### Movement in Reserves Statement for the year ending 31<sup>st</sup> March 2023

	Council Fund Balance	Earmarked Reserves: Capital and Investment / Infrastructure	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Notes:</b>	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
<b>Balance at 1<sup>st</sup> April 2022</b>	10,292	85,937	112,422	20,561	5,669	37,975	169	<b>273,025</b>	224,438	<b>497,463</b>
<b>Movement in reserves during 2022/23:</b>										
Total Comprehensive Income and Expenditure	(4,484)	0	4,137	0	0	0	0	<b>(347)</b>	569,025	<b>568,678</b>
<b>Adjustments between accounting basis and funding under regulations:</b>										
<b>Adjustments primarily involving the Capital Adjustment Account:</b>										
<b>Reversal of items debited/credited to CI&amp;ES:</b>										
Charges for depreciation and impairment of long-term assets	38,702	0	0	0	0	0	0	<b>38,702</b>	(38,702)	<b>0</b>
Revaluation losses on property, plant & equipment	15,574	0	0	0	0	0	0	<b>15,574</b>	(15,574)	<b>0</b>
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Capital Grants and Contributions applied	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Amortisation of intangible assets	2,256	0	0	0	0	0	0	<b>2,256</b>	(2,256)	<b>0</b>
Movement in the Donated Assets Account	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Revenue expenditure funded from capital under statute	14,843	0	0	0	0	0	0	<b>14,843</b>	(14,843)	<b>0</b>
<b>Continued Overleaf...</b>										

Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited/ credited to CI&amp;ES:</b>								0		0
Statutory provision for the financing of capital investment	(15,115)	0	0	0	0	0	0	(15,115)	15,115	0
Capital expenditure charged against the Council Fund Balances	(26,386)	0	0	0	0	0	0	(26,386)	26,386	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>								0		0
Capital grants and contributions unapplied credited to CI&ES	(87,736)	0	0	0	0	87,736	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(92,170)	0	(92,170)	92,170	0
<b>Adjustments involving the Capital Receipts Reserve:</b>								0		0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(3,960)	0	0	0	5,036	0	0	1,076	(1,076)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(934)	0	0	(934)	934	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	12	0	0	12	(12)	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>								0		0
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(94)	0	0	0	0	0	0	(94)	94	0
<b>Adjustments involving the Pensions Reserve:</b>								0		0
Reversal of items relating to retirement benefits debited or credited to the CI&ES	101,190	0	504	0	0	0	0	101,694	(101,694)	0
<b>Continued Overleaf...</b>										

Employer's pensions contributions and direct payments to pensioners payable in the year	(42,260)	0	(75)	0	0	0	0	(42,335)	42,335	0
<b>Adjustment involving the Accumulated Absences Account:</b>								0		0
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,661	0	1	0	0	0	0	2,662	(2,664)	(2)
<b>Other adjustments include:</b>								0		0
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(4,809)	0	4,567	0	4,114	(4,434)	0	(562)	569,238	568,676
<b>Transfers to or from Earmarked Reserves</b>	4,757	19,188	(22,640)	(5,313)	875	0	68	0	3,065	3,065
<b>Increase or (decrease) in the year</b>	(52)	19,188	(18,073)	(5,313)	4,989	(4,434)	68	(3,627)	572,303	568,676
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>10,240</b>	<b>105,125</b>	<b>94,349</b>	<b>15,248</b>	<b>10,658</b>	<b>33,541</b>	<b>237</b>	<b>269,398</b>	<b>796,741</b>	<b>1,066,139</b>

### Movement in Reserves Statement for the year ended 31<sup>st</sup> March 2024

	Council Fund Balance	Earmarked Reserves: Capital and Investment / Infrastructure	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied Account	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Notes:</b>	13.1	13.2	13.2	13.3	13.4	13.5			14.0	
<b>Balance at 1<sup>st</sup> April 2023</b>	10,240	105,125	94,349	15,248	10,658	33,541	237	<b>269,398</b>	796,741	<b>1,066,139</b>
<b>Movement in reserves during 2023/24:</b>										
Total Comprehensive Income and Expenditure	57,893	0	(27)	0	0	0	0	<b>57,866</b>	166,795	<b>224,661</b>
<b>Adjustments between accounting basis and funding under regulations:</b>										
<b>Adjustments primarily involving the Capital Adjustment Account:</b>										
<b>Reversal of items debited/credited to CI&amp;ES:</b>										
Charges for depreciation and impairment of long-term assets	37,719	0	0	0	0	0	0	<b>37,719</b>	(37,719)	<b>0</b>
Revaluation losses on property, plant & equipment	27,888	0	0	0	0	0	0	<b>27,888</b>	(27,888)	<b>0</b>
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Capital Grants and Contributions applied	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Government Grant Deferred Adjustment	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Amortisation of intangible assets	2,283	0	0	0	0	0	0	<b>2,283</b>	(2,283)	<b>0</b>
Movement in the Donated Assets Account	0	0	0	0	0	0	0	<b>0</b>	0	<b>0</b>
Revenue expenditure funded from capital under statute	15,929	0	0	0	0	0	0	<b>15,929</b>	(15,929)	<b>0</b>
<b>Continued Overleaf...</b>										



Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited/ credited to CI&amp;ES:</b>	0	0	0	0	0	0	0	0	0	0
Statutory provision for the financing of capital investment	(15,482)	0	0	0	0	0	0	(15,482)	15,482	0
Capital expenditure charged against the Council Fund Balances	(28,472)	0	0	0	0	0	0	(28,472)	28,472	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>	0	0	0	0	0	0	0	0	0	0
Capital grants and contributions unapplied credited to CI&ES	(108,005)	0	64	0	0	108,004	0	63	(63)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(114,683)	0	(114,683)	114,683	0
<b>Adjustments involving the Capital Receipts Reserve:</b>	0	0	0	0	0	0	0	0	0	0
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	217	0	0	0	1,398	0	0	1,615	(1,615)	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(165)	0	0	(165)	165	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0	0
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>	0	0	0	0	0	0	0	0	0	0
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(97)	0	(1)	0	0	0	0	(98)	98	0
<b>Adjustments involving the Pensions Reserve:</b>	0	0	0	0	0	0	0	0	0	0
Reversal of items relating to retirement benefits debited or credited to the CI&ES	45,680	0	178	0	0	0	0	45,858	(45,858)	0
<i>Continued Overleaf...</i>										

Employer's pensions contributions and direct payments to pensioners payable in the year	(40,590)	0	(94)	0	0	0	0	(40,684)	40,684	0
<b>Adjustment involving the Accumulated Absences Account:</b>	0	0	0	0	0	0	0	0	0	0
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4,024)	0	(8)	0	0	0	0	(4,032)	4,032	0
<b>Other adjustments include:</b>	0	0	0	0	0	0	0	0	0	0
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(9,061)	0	112	0	1,233	(6,679)	0	(14,395)	239,056	224,661
<b>Transfers to or from Earmarked Reserves</b>	9,061	14,407	(15,966)	(7,428)	0	0	(74)	0	0	0
<b>Increase or (decrease) in the year</b>	0	14,407	(15,854)	(7,428)	1,233	(6,679)	(74)	(14,395)	239,056	224,661
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>10,240</b>	<b>119,532</b>	<b>78,495</b>	<b>7,820</b>	<b>11,891</b>	<b>26,862</b>	<b>163</b>	<b>255,003</b>	<b>1,035,797</b>	<b>1,290,800</b>

**Comprehensive Income and Expenditure Statement (CI&ES)**

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. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## Comprehensive Income and Expenditure Statement for the year ended 31<sup>st</sup> March 2024

2022/23				Note:	2023/24		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
126,480	(26,069)	100,411	Finance, Digital & Frontline Services*		122,298	(16,730)	105,568
62,520	(9,488)	53,032	Chief Executive		64,363	(12,171)	52,192
304,109	(66,459)	237,650	Education & Inclusion Services		311,997	(75,361)	236,636
314,606	(116,097)	198,509	Community & Children's Services		311,960	(117,725)	194,235
84,654	(58,532)	26,122	Authority Wide Budgets		87,945	(62,642)	25,303
5,265	(5,152)	113	Joint Committees		1,833	(1,773)	60
<b>897,634</b>	<b>(281,797)</b>	<b>615,837</b>	<b>Cost of Services</b>		<b>900,396</b>	<b>(286,402)</b>	<b>613,994</b>
			<b>Other Operating Expenditure</b>				
25,852	0	25,852	Precepts	29.3	27,909	0	27,909
13,326	0	13,326	Levies	29.3	14,933	0	14,933
0	(3,960)	(3,960)	(Gains) or Losses on Disposal of Non-Current Assets		218	0	218
			<b>Financing and Investment Income and Expenditure</b>				
10,938	0	10,938	Interest Payable and Similar Charges	7.2	10,785	0	10,785
15,770	(7)	15,763	Net Interest on Net Defined Liability	33.2	5,100	(77)	5,023
0	(1,645)	(1,645)	Interest Receivable and Similar Income	7.2	0	(1,554)	(1,554)
380	(324)	56	Income, Expenditure and Changes in the Fair Value of Investment Properties		0	(324)	(324)
			<b>Taxation and Non-Specific Grant Income</b>				
0	(148,917)	(148,917)	Council Tax Income	26.0	0	(157,467)	(157,467)
0	(85,619)	(85,619)	NDR Distribution	25.0	0	(77,189)	(77,189)
0	(359,489)	(359,489)	Non-Ringfenced Government Grants		0	(397,788)	(397,788)
0	(81,770)	(81,770)	Capital Grants and Contributions		0	(96,438)	(96,438)
0	(25)	(25)	Corporation Tax - Joint Committees		0	32	32
<b>963,900</b>	<b>(963,553)</b>	<b>347</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>959,341</b>	<b>(1,017,207)</b>	<b>(57,866)</b>
7,907	(39,564)	(31,657)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		7,422	(50,054)	(42,632)
0	(537,368)	(537,368)	Remeasurement of the Net Defined Benefit Liability		0	(124,163)	(124,163)
<b>7,907</b>	<b>(576,932)</b>	<b>(569,025)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>7,422</b>	<b>(174,217)</b>	<b>(166,795)</b>
<b>971,807</b>	<b>(1,540,485)</b>	<b>(568,678)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>966,763</b>	<b>(1,191,424)</b>	<b>(224,661)</b>

\*Prior year relates to Prosperity, Development & Frontline Services with Finance & Digital Services included in Chief Executive.

## Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council at the financial year end. The net assets (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 Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet as at 31<sup>st</sup> March 2024

31/03/2023				31/03/2024	
£'000			Note:	£'000	£'000
	<b>Long-Term Assets</b>	Property, Plant & Equipment:	6.0		
812,656		Other Land & Buildings		876,828	
551,824		Infrastructure		589,657	
15,719		Vehicles, Plant & Equipment		13,301	
5,055		Community Assets		4,831	
37,150		Assets Under Construction		61,558	
145		Heritage Assets		145	
13,009		Investment Properties		13,009	
1,599		Defined Benefit Pension Scheme Asset		1,349	
4,516		Long-Term Intangible Assets		5,553	
3,492		Long-Term Investments	7.1	5,079	
3,045		Investment in Subsidiaries		3,027	
5,819		Long-Term Debtors		5,209	
<b>1,454,029</b>		<b>TOTAL LONG-TERM ASSETS</b>			<b>1,579,546</b>
162,071	<b>Current Assets</b>	Short-Term Investments	7.1	66,405	
664		Assets Held for Sale		2,256	
1,380		Inventories		1,239	
119,240		Short-Term Debtors	8.0	120,437	
0		Cash and Cash Equivalents	9.0	0	
<b>283,355</b>		<b>TOTAL CURRENT ASSETS</b>			<b>190,337</b>
(14,840)	<b>Current Liabilities</b>	Cash and Cash Equivalents	9.0	(2,284)	
(13,604)		Short-Term Borrowing	7.1	(13,585)	
(1,457)		Short-Term Provisions	11.0	(1,501)	
(132,473)		Short-Term Creditors	10.0	(166,442)	
<b>(162,374)</b>		<b>TOTAL CURRENT LIABILITIES</b>			<b>(183,812)</b>
(42,861)	<b>Long-Term Liabilities</b>	Long-Term Creditors	10.0	(6,151)	
(3,019)		Long-Term Provisions	11.0	(7,011)	
(333,709)		Long-Term Borrowing	7.1	(272,057)	
(129,159)		Other Long-Term Liabilities	12.0	(9,929)	
(123)		Long-Term Donated Assets Account		(123)	
<b>(508,871)</b>		<b>TOTAL LONG-TERM LIABILITIES</b>			<b>(295,271)</b>
<b>1,066,139</b>	<b>NET ASSETS</b>				<b>1,290,800</b>

Continued Overleaf...

10,240	<b>Usable Reserves</b>	Council Fund Balance	13.1	10,240	
		Earmarked Reserves:	13.2		
105,125		Capital and Investment / Infrastructure	13.2	119,532	
94,349		Other Revenue Related Reserves	13.2	78,495	
15,248		Delegated Schools Reserve	13.3	7,820	
10,658		Usable Capital Receipts Reserve	13.4	11,891	
33,541		Capital Grant Unapplied Account	13.5	26,862	
237		MGCC Insurance Reserve		163	
<b>269,398</b>		<b>TOTAL USABLE RESERVES</b>			<b>255,003</b>
272,428	<b>Unusable Reserves</b>	Revaluation Reserve	14.1	305,825	
665,876		Capital Adjustment Account	14.2	748,416	
(5,214)		Financial Instruments Adjustment Account	14.3	(5,116)	
(126,951)		Pensions Reserve	14.4	(7,961)	
(9,398)		Short-Term Accumulating Compensated Absence Account		(5,367)	
<b>796,741</b>		<b>TOTAL UNUSABLE RESERVES</b>			<b>1,035,797</b>
<b>1,066,139</b>	<b>TOTAL RESERVES</b>				<b>1,290,800</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 Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.



**Cash Flow Statement 2023/24**

<b>2022/23</b>			<b>2023/24</b>	
<b>£'000</b>		<b>Note:</b>	<b>£'000</b>	<b>£'000</b>
347	Net (Surplus) or Deficit on the Provision of Services		(57,866)	
(195,930)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	15.0	(65,621)	
87,693	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	16.0	97,835	
<b>(107,890)</b>	<b>Net Cash Flows from Operating Activities</b>			<b>(25,652)</b>
74,075	Investing Activities	18.0	(23,437)	
15,956	Financing Activities	19.0	61,645	38,208
<b>(17,860)</b>	<b>Net Increase or Decrease in Cash or Cash Equivalents</b>			<b>12,556</b>
3,020	Cash and Cash Equivalents at the Beginning of the Reporting Period	9.0		(14,840)
<b>(14,840)</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	9.0		<b>(2,284)</b>

## **Expenditure and Funding Analysis**

The Expenditure and Funding Analysis brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pension benefits earned by the employees. Statutory provisions determine how much of the Council's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis;

- shows for each of the Council's services a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two.

This analysis promotes accountability and stewardship by providing a direct link with the annual decision making process of the Council and its budget i.e. the Council Fund. It follows the performance framework of the Council.

**Expenditure and Funding Analysis Statement for the year ended 31<sup>st</sup> March 2023**

	<b>2022/23</b>		
	<b>Income and Expenditure Chargeable to the Council Fund</b>	<b>Adjustments Between Funding and Accounting Basis</b>	<b>Net Expenditure for the Equivalent Amounts for CI&amp;ES</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Prosperity, Development & Frontline Services	63,965	36,446	100,411
Chief Executive	34,814	18,218	53,032
Education & Inclusion Services	207,767	29,883	237,650
Community & Children's Services	181,422	17,087	198,509
Authority Wide Budgets	80,634	(54,512)	26,122
Joint Committees	0	259	259
<b>Cost of Services</b>	<b>568,602</b>	<b>47,381</b>	<b>615,983</b>
<b>Other Income and Expenditure</b>	<b>(568,550)</b>	<b>(42,597)</b>	<b>(611,147)</b>
<b>(Surplus) or Deficit</b>	<b>52</b>	<b>4,784</b>	<b>4,836</b>
Opening Council Fund at 31 <sup>st</sup> March 2022	(10,292)		
Less (Surplus) Deficit on Council Fund in Year	52		
<b>Closing Council Fund at 31<sup>st</sup> March 2023</b>	<b>(10,240)</b>		

**Expenditure and Funding Analysis Statement for the year ended 31<sup>st</sup> March 2024**

	<b>2023/24</b>		
	<b>Income and Expenditure Chargeable to the Council Fund</b>	<b>Adjustments Between Funding and Accounting Basis</b>	<b>Net Expenditure for the Equivalent Amounts for CI&amp;ES</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance, Digital & Frontline Services	79,293	26,275	105,568
Chief Executive	27,627	24,565	52,192
Education & Inclusion Services	222,702	13,934	236,636
Community & Children's Services	203,871	(9,636)	194,235
Authority Wide Budgets	78,567	(53,264)	25,303
Joint Committees	0	60	60
<b>Cost of Services</b>	<b>612,060</b>	<b>1,934</b>	<b>613,994</b>
<b>Other Income and Expenditure</b>	<b>(612,060)</b>	<b>(59,800)</b>	<b>(671,860)</b>
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(57,866)</b>	<b>(57,866)</b>
Opening Council Fund at 31 <sup>st</sup> March 2023	(10,240)		
Less (Surplus) Deficit on Council Fund in Year	2,104		
Transfers to or (from) Earmarked Reserves	(2,104)		
<b>Closing Council Fund at 31<sup>st</sup> March 2024</b>	<b>(10,240)</b>		

## **Notes to the Core Financial Statements**

### **1.0 Material Accounting Policies**

#### **1.1 Accruals of Expenditure and Income**

The accounts of the Council have been prepared on an accrual of income and expenditure basis in accordance with the Code of Practice on Local Authority Accounting. This ensures activity is accounted for in the year that it takes place not when cash payments are made or received.

Revenue from the sale of goods or services is recognised when the Council transfers the significant risks and rewards of goods, or provides the services to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Supplies are recorded as expenditure when they are consumed. Where the Balance Sheet date falls between supplies receipt and consumption, where significant, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows determined by the contract. Statutory adjustments relating to interest are reflected in the Movement in Reserves Statement.

Capital transactions are also recorded on an accrual basis, as prescribed by the Code of Practice on Local Authority Accounting.

#### **1.2 Cash and Cash Equivalents**

Cash and Cash Equivalents are sums of money available for immediate use by the Council. Such items are deemed to be cash balances held in the Council's bank accounts (less unpresented cheques), any overdrawn bank balance and petty cash balances.

Short-term investments are not deemed to be cash and cash equivalents as these are not readily available without incurring penalties.

#### **1.3 Contingent Liabilities**

A contingent liability is a possible item of expenditure that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control.

Such contingent liabilities are not reflected in Provisions in the Balance Sheet as it may not be probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Material contingent liabilities are disclosed in Notes to the Core Financial Statements.

## **1.4 Employee Benefits**

All costs relating to employee benefits are accounted for on an accruals basis.

### **Termination Benefits**

These are amounts payable by the Council as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. Such costs are charged on an accruals basis to the Comprehensive Income and Expenditure Statement.

When terminations involve the enhancement of pensions, statutory provisions require the Council Fund to be charged with the amount payable by the Council. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional entries for pension enhancements and replace them with amounts paid and payable.

### **Pensions**

The Council participates in two separate pension schemes that meet the needs of employees in particular services:

Teachers - This is an unfunded scheme administered by Teachers' Pensions on behalf of the Department of Education. Contribution rates are set on the basis of a notional fund. Whilst this is a Defined Benefit Scheme, Teachers' Pensions is unable to identify the Council's share of the underlying assets and liabilities and accordingly, the Council has accounted for its contributions to the scheme as if it were a Defined Contribution Scheme.

Other employees - Rhondda Cynon Taf CBC administer a fund on behalf of employees under the Local Government Pension Scheme Regulations, under which contribution rates are set by the Fund's actuary based on triennial actuarial valuations. Under the regulations, contribution rates are set in order to lead to full funding of the overall liability of the Fund over time. The Local Government Scheme is accounted for as a Defined Benefit Scheme.

- The liabilities of the Rhondda Cynon Taf Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% in 2023/24 (4.7% in 2022/23).

- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

Quoted Securities	–	Current Bid Price
Unitised Securities	–	Current Bid Price
Property	–	Market Value

- The change in the net pensions asset or liability is analysed as follows:
  - Current Service Cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked plus administration expenses.
  - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
  - Expected Return On Assets – the annual investment return on the fund assets attributable to the Council based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
  - 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 financial, demographic or experience assumptions – debited or credited to the Pensions Reserve.
  - Contributions Paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense in the Comprehensive Income and Expenditure Statement.
  - Net Benefits Paid Out – reducing the liability.

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

### Discretionary Benefits

The Council is able to make discretionary awards of retirement benefits in the event of early retirements. Any such liabilities arising are accrued in the year of decision to make the award.

## **Accumulated Absence**

The Council accrues for staff holidays earned but not taken at each year-end. The Welsh Government has issued regulations to mitigate the impact of this charge upon Councils. This Council has taken advantage of the regulations and charged the additional costs to the Short-Term Accumulating Compensated Absence Account in Unusable Reserves.

### **1.5 Events after the Reporting Period**

Events after the reporting period are those both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- a) those that provide evidence of conditions existing at the end of the reporting period (adjusting events that shall be recognised in the financial statements);
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events that are not reflected in accounting statements but, where material, disclosure is made in the Notes to the Core Financial Statements).

### **1.6 Financial Instruments**

Financial Instruments consist of Financial Liabilities and Financial Assets.

#### **Financial Liabilities**

Financial Liabilities are carried at amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Where a loan has a single rate of interest over its term, it results in the amount presented in the Balance Sheet being the outstanding principal repayable, and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable in the loan agreement. Where loans have a rate that is lower in the initial years, the effective interest rate charge to the Comprehensive Income and Expenditure Statement “smooths” the interest rate differential. The difference between the effective interest rate charge and actual interest paid is adjusted in the Movement in Reserves Statement.

For most borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains (discounts) and losses (premiums) on the repurchase or early settlement of borrowing are credited/debited to the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase/early settlement is deemed to be a modification of existing instruments, the discounts/premiums are incorporated into the value of the instrument and written down to the Comprehensive Income and Expenditure Statement over the life of the loan via an adjustment to the effective interest rate.

Where premiums or discounts have been applied to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years equal to the life of the replaced or replacement loan.

## **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 cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income.

Rhondda Cynon Taf CBC's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost.

Loans and Receivables are initially recognised at fair value and subsequently carried at amortised cost. Interest Receivable and Similar Income in the Comprehensive Income and Expenditure Statement is based upon the carrying amount of the asset multiplied by the effective interest rate for the instrument. This means that the value in the Balance Sheet is the outstanding principal plus any accrued income, and the income recognised in the Comprehensive Income and Expenditure Statement is based upon the rate quoted in the loan agreement.

Interest that is due but unpaid at year-end is categorised in the Balance Sheet as a current asset or liability. This is the case even if the financial asset or liability it relates to is a long-term instrument.

There needs to be a calculation for an "expected credit loss" on financial assets held at amortised costs, either on a 12 month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Where risk has significantly increased since an asset was originally 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.

### **1.7 Intangible Assets**

Intangible assets are those Long-Term Assets that do not have physical substance but are identifiable by the access to future economic benefits that are controlled by the Council through custody or legal rights.

Software and Licences are capitalised at cost and are amortised over their economic lives, which are reviewed at the end of each reporting period and revised if necessary.



An asset is tested for impairment whenever there is an indication that the asset may be impaired. Any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is reflected in the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an effect upon Council Fund Balances and are reversed in the Movement in Reserves Statement.

## **1.8 Leases**

Whether a lease is finance or operating depends upon the substance of the transaction rather than the legal form.

Leases are reviewed at inception and classed as finance or operating by reviewing arrangements such as:

- Transfer of ownership at the end of lease contract.
- Option to purchase asset at a price lower than fair value.
- Lease term is for a major part of the economic life of the asset.
- Present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- Leased assets are of a specialised nature and only the lessee can use them without major modifications.

Leases of land and buildings are considered separately for the purpose of lease classification.

### **Finance Leases**

A finance lease is one which transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Where the Council is lessee, an asset and liability is recognised at lease inception. The asset is subsequently depreciated and revalued as though it were the legal property of the Council. The liability reduces as lease payments are made.

Where the Council is lessor, the lease payment receivable is recognised as a repayment of principal with the interest element of the payment being recognised in the Comprehensive Income and Expenditure Statement. No asset is recognised.

### **Operating Leases**

An operating lease is deemed to be any lease other than a Finance Lease.

Where the Council is lessee, lease payments are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis unless another systematic basis is more representative of the benefits received.

Where the Council is lessor, the income should be recognised on a straight-line basis unless another systematic basis is more representative of the benefits received. Other Land & Buildings leased out under an operating lease will be subject to depreciation in the same manner as other assets within the same category.

## **1.9 Overhead and Support Services**

The costs of overheads and support services are accounted for in accordance with the Council's arrangements for accountability and financial performance.

## **1.10 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 and Equipment. Depreciation is charged on a straight-line basis on most tangible assets with a finite useful life, excluding non-depreciable land. Asset lives have been identified on an individual basis.

### **1.10.1 Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and 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. The Council operates a £10k de-minimis policy for recognising such expenditure as capital. Expenditure on assets not owned by the Council, but where continuing benefit is received, is also capitalised on an accruals basis. Although capitalised, this expenditure is amortised in the year it is incurred.

The Council operates a de-minimis policy for recording assets in the asset register. De-minimis levels are in place as follows:

<b>Asset Type</b>	<b>£'000</b>
Land & Buildings	20
Vehicles	10
Plant & Equipment	10
Infrastructure	20
Community Assets	Nil

### **1.10.2 Measurement**

Assets are initially measured at cost, comprising:

- The purchase price.

- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The 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.

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 the acquisition is the carrying amount of the asset given up by the Council.

Tangible Long-Term assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Property, Plant and Equipment assets are generally valued on the basis of existing use value (EUV) which is deemed to be "current value". Specialist items (e.g. schools) are valued on a depreciated replacement cost basis (DRC). This method of valuation calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life. This cost calculation is known as Modern Equivalent Valuation (MEV). Investment properties are valued on a fair value basis. Infrastructure assets are included at historic cost and adjusted to reflect depreciation. Adopted roads, built by private developers, are deemed to have zero historical cost to the Council and therefore are not recognised in the Statement of Accounts.

Where assets are not in use but do not meet the criteria for Assets Held for Sale, then they are classed as Surplus Assets within the Property, Plant and Equipment and Other Land and Building categories. Surplus Assets are valued at fair value. Fair value is the price that would be received between willing market participants. The highest and best use of the asset needs to be considered. Inputs to the valuation techniques in respect of these assets are categorised as the following hierarchy levels:

Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices that are observable for the asset or liability. For example, market conditions; recent sale prices.

Level 3 – unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

Fair value measurement differentiates between measurements that are recurring i.e. at the end of each period, for example surplus assets and those that are non-recurring measured on particular circumstances, for example assets held for sale.

In the accounts there are approximately 63 Surplus Assets with a recurring fair value of £4.8m. All of the assets are valued at level 2 inputs.

Community assets are valued on an historic cost basis. These have no determinable useful life and are assets that the Council intend to hold in perpetuity. Examples of community assets are parks and memorials.

Assets under Construction are valued at historic cost until they become operational. When they are brought into use, they are revalued on the relevant basis.

Heritage Assets are recognised as such if they are material non-operational assets that are held purely for cultural or knowledge gaining purposes. These assets are recognised at cost or market value, are reviewed for impairment but not depreciated.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- 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 and Expenditure Statement.

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

### **1.10.3 Impairment**

Assets are assessed throughout the year 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 of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

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

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

#### 1.10.4 Depreciation

Depreciation is charged on a straight-line basis on most property, plant and equipment. All asset lives have been identified on an individual basis.

Exceptions are made for:

- Heritage Assets.
- Assets without a determinable finite useful life such as freehold land.
- Assets that are not yet available for use i.e. assets under construction and assets held for sale.

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

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

Depreciation is calculated in the year of acquisition and not in the year of disposal.

#### 1.10.5 Disposals and 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. These assets are measured at the lower of the value they had when it was agreed they would be sold and fair value less costs to sell.

The valuation in the balance sheet can be split as follows:

	£'000
Fair value	2,255
Carrying value	1
<b>Total Value in Balance Sheet</b>	<b>2,256</b>

The non-recurring fair value is measured using level 2 in the input hierarchy (refer to note 1.10.2 for explanation of levels). Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income

and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to long-term assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations), 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. The criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition.
- Sale highly probable.
- Actively marketed.
- Sale completion expected within 12 months.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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 Usable Capital Receipts Reserve, and can then 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 Usable Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of long-term 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.

## **1.11 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 ensure this is not a charge against the Council Fund Balance, the expenditure is funded via an adjustment in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for long-term assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

## **1.12 Schools**

The CIPFA Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

## **1.13 Revenue Expenditure Funded from Capital Under Statute**

This is expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a Long-Term Asset. It is charged as expenditure to the relevant service line(s) in the Comprehensive Income and Expenditure Statement in the year. Where the Council funds such expenditure from capital resources, a transfer in the Movement in Reserves Statement to the Council Fund Balance from the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **1.14 Government Grants and Other Contributions**

Government grants and other contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis and recognised in the Comprehensive Income and Expenditure Statement when there is reasonable assurance that;

- the conditions for their receipt have been/will be complied with; and
- the grant or contribution will be received.

Monies advanced where there is no reasonable assurance of the above two criteria are held as creditors in the Balance Sheet.

Revenue grants are credited to the relevant service and capital grants are credited to the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Statement.

Where a revenue grant has been recognised in the Comprehensive Income and Expenditure Statement but not yet used to fund expenditure, it is set aside as an Earmarked Reserve.

Where a capital grant has been recognised as income but not yet used to finance capital expenditure, it is credited to Capital Grants Unapplied Account via the Movement in Reserves Statement. Subsequently, when the funds are used, the grant is transferred from Capital Grant Unapplied Account to Capital Adjustment Account.

Where a grant claim requires auditor sign off and is as yet unaudited, Balance Sheet values in relation to grants are included on an unaudited draft claim basis.

### 1.15 Charges to Revenue for Long-Term Assets

Services are debited with the following items to record the cost of holding Long-Term 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 Assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. Therefore, these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement.

### 1.16 Minimum Revenue Provision/Provision for the Repayment of Debt

The Local Government Act 2003 requires each local authority to set aside a Minimum Revenue Provision (MRP) for debt redemption. In accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 the Council's accounting treatment is as follows:

**Supported Borrowing:** The MRP on supported borrowing is written off on a straight line basis over 40 years, linked (broadly) to the lives of the Council's assets.

**Unsupported Borrowing:** MRP is charged to the Council Fund Balance as follows:

- Charge in equal instalments (or to match the benefits derived) over the life of the asset created (asset life must be applied for any expenditure capitalised under a Capitalisation Direction);
- Annuity method;
- Charge in accordance with the depreciation of the asset; or
- An alternative appropriate method permitted by the guidance.

**Finance Leases:** In accordance with MRP guidance issued by the Welsh Government, MRP for finance leases, represents the principal element of repayments made by the Council (refer to Lease policies).

### 1.17 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 and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.



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

### **1.18 Interests in Companies and Other Entities**

The Council has interests in companies and other entities which are required to be included in the financial statements.

Amgen Cymru Ltd. and Amgen Rhondda Ltd. meet the criteria of subsidiaries and are represented within Long-Term Assets in the Balance Sheet of the financial statements.

Capita Glamorgan Consultancy Ltd. changed its name to WSP Glamorgan Consultancy Ltd on 31<sup>st</sup> October 2022 and meets the criteria of an associated company.

Due to materiality, Group financial statements have been produced to include Amgen Cymru Ltd. and Amgen Rhondda Ltd. The acquisition consolidation method has been used. The audited accounts for Amgen Cymru Ltd., Amgen Rhondda Ltd. and WSP Glamorgan Consultancy Ltd. are available separately.

The Council participates in various Joint Committee arrangements. In line with materiality considerations, only two of these Joint Committees, Central South Consortium Joint Education Service (CSCJES) and Cardiff Capital Region City Deal (CCRCD), have been included within the Council's financial statements. The consolidation has been done on a line-by-line basis, calculated using a reasonable apportionment methodology.

Based on materiality individually or collectively, the following Joint Committees have not been consolidated into the Council's financial statements:

- Glamorgan Archives
- Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)
- Coychurch Crematorium
- Llwydcoed Crematorium
- South East Wales Corporate Joint Committee (SEWCJC)

### **1.19 Inventories**

Stock items are held on the balance sheet at latest price within Inventories if received but not used by the end of the financial year.

## 2.0 Accounting Standards Issued but not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. In the interim potentially relevant standards include:

- IFRS 16 Leases (as the Pension Fund has not decided to voluntarily implement IFRS 16 in the 2023/24 year).

The CIPFA Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The Council has not voluntarily implemented IFRS16 in 2023/24 but will be including the appropriate accounting adjustments in the 2024/25 accounts. These changes may not have a material impact on the long-term assets and liabilities in the balance sheet, with a current estimated figure of £4m, and further work will be undertaken for the 2024/25 Statement of Accounts.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

These amendments should not materially affect this Council. As the Code requires implementation after 1<sup>st</sup> April 2024, there is no impact on the 2023/24 Statement of Accounts.

### **3.0 Critical Judgements in Applying Accounting Policies**

In applying the Accounting Policies set out in note 1.0, the Council has had to make certain judgements about complex transactions and those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### **3.1 Grants and Contribution Conditions**

Judgements are made in terms of conditions attached to both capital and revenue grants. Grants are recognised as income when received/receivable. Unless there are assumptions that conditions of the grant are breached, a return obligation is not recognised. As a result, capital grants received, with no expected return obligation are reflected in the Capital Grants Unapplied Account until they are used to fund the Capital Programme. Similarly, revenue grants received with no expected return obligation that are to be used to fund future years' expenditure are reflected in Earmarked Reserves in the Balance Sheet.

#### **3.2 Voluntary Aided and Voluntary Controlled Schools**

The Code confirms that the accounting treatment of local authority maintained schools in England and Wales depends on the balance of control. For voluntary aided schools any long-term assets that are not owned by the Council but by another legal body, such as the Diocese, are not to be shown on the Balance Sheet.

The Balance Sheet includes land at St Margaret's Catholic School and playing fields at both St John Baptist Church in Wales High School and Cardinal Newman Comprehensive School, as ownership lies with the Council. When reviewing the existing criteria, the Council does not consider it has any voluntary controlled schools.

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

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

Sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

#### **4.1 Pensions Asset/Liability**

Estimation of the net asset/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. AON is engaged to provide the Council with advice about the assumptions to be applied.

##### **GMP equalisation and indexation**

The disclosures allow for full CPI inflation pension increases to be paid on Guaranteed Minimum Pension (GMP) for those reaching State Pension Age on or after 6<sup>th</sup> April 2016. This recognises the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the State Pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has recognised that this solution will not address all sex inequalities for a minority of members and further guidance is expected from DLUHC on how they propose to deal with this. These inequalities are expected to be small.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required for members who transferred benefits out since May 1990. Government has not yet acknowledged a liability in public service schemes nor indicated an approach in rectifying this. Therefore, no allowance for potential liabilities relating to the second Lloyds ruling is included in the accounts.

##### **Goodwin Ruling**

In June 2020 an Employment Tribunal ruled in relation to the Teachers' Pension Scheme, that provisions for survivor benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a ministerial statement on 20<sup>th</sup> July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. As these changes are yet to be reflected in the LGPS regulations and also on the basis of materiality, allowance has not been made in the calculations.

##### **Cost Management Process in the LGPS incl. McCloud**

Legislation requires HM Treasury and the Scheme Advisory Board (SAB) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. This is referred to as the "Cost Management Process". The outcomes of the reviews recommended no changes to the provisions of the scheme. However, the legality of the Government's decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review brought by trade unions. The Judicial Review was unsuccessful, and the unions were given permission to appeal that decision. On 17<sup>th</sup> April

2024, the judgment given by the Court of Appeal on trade unions' challenge to the way in which McCloud costs were handled under the 2016 cost management process for public service schemes was published. The Court of Appeal agreed with the earlier ruling of the High Court and consequently, it has been found legitimate that the McCloud costs were treated as member costs within the process. This in turn means that there was no breach of the cost "floor" under the process and there is no requirement to revisit the outcome of the 2016 scheme-wide valuations, under which no benefit changes were made.

On 11<sup>th</sup> April 2024, the Government Actuary's Department (GAD) had published its completed valuation on the scheme-wide LGPS England & Wales valuation as at 31<sup>st</sup> March 2020. The valuation found that the core 'cost cap cost' of the scheme lies outside the 3% cost control mechanism corridor (3.2% below target cost) that is in operation for this valuation.

However, there is now also an "economic check" that GAD carries out to take account of the wider economic situation. This check includes considering reduced long-term expectations for UK economic growth as reflected in the Government's 'SCAPE' discount rate. This also lies outside the 3% corridor, but in the other direction (7.3% above target cost). As a result, the "cost cap corridor" as a whole is not breached and the Government is not proposing to make any changes to LGPS benefits.

The England & Wales Scheme Advisory Board announced on 19<sup>th</sup> April 2024 that it will shortly be publishing the final report of the separate scheme cost assessment that it is required to undertake under Regulation 116 of the LGPS Regulations 2013, in which different actuarial assumptions are used. However, the Board has already seen the initial results and agreed that it is "not minded to recommend to the Secretary of State any changes to LGPS benefits through that process".

### **Pension Surplus Restriction**

Recognition of a pension surplus in the Balance Sheet is detailed in Financial Reporting Standard (FRS) 102, which states "If the present value of the defined benefit obligation at the reporting date is less than the fair value of the plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan".

There is a requirement to disclose any restrictions on the current realisability of the surplus or the basis used to determine the amount of the economic benefit available.

The principles of International Financial Reporting Interpretations Committee (IFRIC) 14 have been applied to limit the economic benefit available through reduced contributions. The actuary has undertaken calculations of the potential surplus that could be recognised through reduced contributions in the future and not a surplus that could be recognised through future refunds as refunds are only possible when the employer exits the fund.

The value of the surplus restriction, calculated by the actuary, applied to the Net Asset is £20.403m.

## **4.2 Insurance Provision**

The Council makes provision for all claims received (but not yet paid) according to the “reserve” value attached to that claim. The reserve value represents the most likely value to settle the claim, not taking into account probability of settlement. Reserve values are provided by the Council’s in-house insurance team, claims handlers and loss adjusters depending on the claim type and estimated value of the claim. Motor and property claims are provided for at 100% of the reserve value. Liability claims are provided for at a percentage based on the length of time a claim remains unresolved. This reflects that not all claims received are paid. Some are successfully repudiated. Refer to note 11.0 for further details.

The risks attached to misstatement are that existing claims will change in value (increase or decrease) or be successfully repudiated. An Earmarked Reserve is established to meet the additional costs relating to the impact of these potential changes in estimates. The Earmarked Reserve also funds claims or incidents that have occurred, but claims are yet to be received. Refer to note 13.2 for further details.

## **4.3 Property, Plant and Equipment**

External valuers undertake formal valuations within a maximum of a 5-year rolling programme to ensure that assets in the Balance Sheet are represented at “current value”. Due to the significant increases in construction costs reflected in the General Building Cost Index in 2023/24, the current value of DRC assets has been updated for indexation. The transactions have been shown as a revaluation and either reversed previous impairments through a credit in revenue with a corresponding entry in the MiRS, or shown as a credit in the revaluation reserve.

Valuations are undertaken in accordance with guidance issued by the Royal Institute of Chartered Surveyors (RICS). Within the computation of the current value valuation, assumptions are made upon the useful lives of assets which could be subject to change in future years.

## **5.0 Events After the Reporting Period**

The audited Statement of Accounts was authorised for issue by the Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services, as Chief Finance Officer, on 6<sup>th</sup> November 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31<sup>st</sup> March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**6.0 Property, Plant and Equipment****6.1 Movements on Balances****Movements in 2022/23**

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
At 1 <sup>st</sup> April 2022	801,123	42,062	6,312	15,704	<b>865,201</b>
Joint Committees Opening Balance	0	658	0	128	<b>786</b>
Additions	30,168	7,411	150	36,749	<b>74,478</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,808	0	0	0	<b>21,808</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(15,434)	0	0	0	<b>(15,434)</b>
Derecognition – Disposals	(981)	(4,104)	0	0	<b>(5,085)</b>
Derecognition – Other	0	(9,972)	0	(128)	<b>(10,100)</b>
Assets Reclassified (to)/from Held for Sale	262	0	0	0	<b>262</b>
Other Reclassifications	13,871	(203)	(106)	(15,303)	<b>(1,741)</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>850,817</b>	<b>35,852</b>	<b>6,356</b>	<b>37,150</b>	<b>930,175</b>
<b>Continued Overleaf...</b>					

<b>Accumulated Depreciation and Impairment</b>					
At 1 <sup>st</sup> April 2022	(35,211)	(27,497)	(1,301)	0	<b>(64,009)</b>
Joint Committees Opening Balance	0	(94)	0	0	<b>(94)</b>
Depreciation Charge	(19,526)	(4,926)	0	0	<b>(24,452)</b>
Depreciation Written Out of the Revaluation Reserve	13,580	0	0	0	<b>13,580</b>
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	4,282	0	0	0	<b>4,282</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(3,706)	0	0	0	<b>(3,706)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	2,360	(1,682)	0	0	<b>678</b>
Derecognition – Disposals	60	4,095	0	0	<b>4,155</b>
Derecognition – Other	0	9,971	0	0	<b>9,971</b>
Assets Reclassified (to)/from Held for Sale	0	0	0	0	<b>0</b>
Other Reclassifications	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>(38,161)</b>	<b>(20,133)</b>	<b>(1,301)</b>	<b>0</b>	<b>(59,595)</b>

**Net Book Value:**

<b>At 31<sup>st</sup> March 2023</b>	<b>812,656</b>	<b>15,719</b>	<b>5,055</b>	<b>37,150</b>	<b>870,580</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>765,912</b>	<b>15,129</b>	<b>5,011</b>	<b>15,832</b>	<b>801,884</b>



**Movements in 2023/24**

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
At 1 <sup>st</sup> April 2023	850,817	34,956	6,356	36,924	<b>929,053</b>
Joint Committees Opening Balance	0	896	0	226	<b>1,122</b>
Additions	45,945	4,453	136	45,430	<b>95,964</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	26,821	0	0	0	<b>26,821</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(27,574)	0	(314)	0	<b>(27,888)</b>
Derecognition – Disposals	(1,418)	(2,053)	0	0	<b>(3,471)</b>
Derecognition – Other	0	(2,283)	0	0	<b>(2,283)</b>
Assets Reclassified (to)/from Held for Sale	(1,921)	0	0	0	<b>(1,921)</b>
Other Reclassifications	20,187	0	0	(21,022)	<b>(835)</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2024</b>	<b>912,857</b>	<b>35,969</b>	<b>6,178</b>	<b>61,558</b>	<b>1,016,562</b>
<b>Continued Overleaf...</b>					

<b>Accumulated Depreciation and Impairment</b>					
At 1 <sup>st</sup> April 2023	(38,161)	(19,939)	(1,301)	0	<b>(59,401)</b>
Joint Committees Opening Balance	0	(194)	0	0	<b>(194)</b>
Depreciation Charge	(21,489)	(4,588)	0	0	<b>(26,077)</b>
Depreciation Written Out of the Revaluation Reserve	15,775	0	0	0	<b>15,775</b>
Depreciation Written Out to the Surplus/Deficit on the Provision of Service	3,691	0	0	0	<b>3,691</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(613)	0	0	0	<b>(613)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	4,670	(2,283)	(46)	0	<b>2,341</b>
Derecognition – Disposals	98	2,053	0	0	<b>2,151</b>
Derecognition – Other	0	2,283	0	0	<b>2,283</b>
Assets Reclassified (to)/from Held for Sale	0	0	0	0	<b>0</b>
Other Reclassifications	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2024</b>	<b>(36,029)</b>	<b>(22,668)</b>	<b>(1,347)</b>	<b>0</b>	<b>(60,044)</b>

**Net Book Value:**

<b>At 31<sup>st</sup> March 2024</b>	<b>876,828</b>	<b>13,301</b>	<b>4,831</b>	<b>61,558</b>	<b>956,518</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>812,656</b>	<b>15,719</b>	<b>5,055</b>	<b>37,150</b>	<b>870,580</b>

**6.2 Infrastructure Assets****Temporary Relief for Infrastructure Assets Disclosure Requirements**

The temporary relief for infrastructure assets disclosure requirements applies to accounts for financial years commencing 1<sup>st</sup> April 2021 and ending 31<sup>st</sup> March 2025.

In accordance with the temporary relief offered by the Update to the Code of Practice on Local Authority Accounting in the United Kingdom on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as previously reported practices due to historic information deficits mean that gross cost and accumulated depreciation relating to infrastructure assets are not measured accurately.

	2022/23	2023/24
	£'000	£'000
<b>Net Book Value at 1<sup>st</sup> April</b>	<b>526,504</b>	<b>551,824</b>
Additions	42,941	54,654
Depreciation	(15,679)	(16,262)
Impairment	(3,683)	(1,394)
Reclassifications	1,741	835
<b>Net Book Value at 31<sup>st</sup> March</b>	<b>551,824</b>	<b>589,657</b>

The Council 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.

### 6.3 Investment Properties

	2022/23	2023/24
	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>7,546</b>	<b>13,009</b>
Net Gains/Losses from fair value adjustments	5,463	0
<b>Balance at 31<sup>st</sup> March</b>	<b>13,009</b>	<b>13,009</b>

The fair values for investment properties have been calculated using level 2 in the fair value hierarchy. The investment property within RCT is valued on a market based approach, and the investment property within the joint committee is valued on an income based approach.

### 6.4 Capital Commitments

At 31<sup>st</sup> March 2024 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years, budgeted to cost £26.2m. Similar commitments at 31<sup>st</sup> March 2023 were £49.3m.

Within this amount the significant contract values as at 31<sup>st</sup> March 2024 are:

<b>Scheme</b>	<b>£'000</b>
A4119 Coed Ely Dualling	4,202
Abercynon Feeder Pipe Bridge	2,096
Hawthorn Primary	5,373
Ysgol Bro Taf	4,594
YGG Llyn Y Forwyn	5,990
<b>Total</b>	<b>22,255</b>

## 6.5 Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. Valuations are carried out by the Council's appointed valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values are:

- Valuations include the cost of construction on a modern equivalent basis.
- The cost has been depreciated to account for the age and future economic life of the buildings.
- Valuations are subject to the prospect and viability of the continuance of the occupation and use of the property.

## 7.0 Financial Instruments

### 7.1 Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Assets	Long-Term		Current	
	31/03/23	31/03/24	31/03/23	31/03/24
	£'000	£'000	£'000	£'000
Investments: Loans and Receivables	3,492	5,079	162,071	66,405
Debtors: Financial Assets Carried at Contract Amounts	5,819	5,209	119,240	120,437
<b>Total</b>	<b>9,311</b>	<b>10,288</b>	<b>281,311</b>	<b>186,842</b>

Liabilities	Long-Term		Current	
	31/03/23	31/03/24	31/03/23	31/03/24
	£'000	£'000	£'000	£'000
Borrowings: Financial Liabilities at Amortised Cost	333,709	272,057	13,604	13,585
Finance Lease Liabilities	381	380	1	1
Creditors: Financial Liabilities at Amortised Cost	0	0	21,348	19,485
<b>Total</b>	<b>334,090</b>	<b>272,437</b>	<b>34,953</b>	<b>33,071</b>

There are no expected credit loss calculations for the financial assets. The value of creditors in the table relates to invoices authorised for payment by the Council but remaining unpaid at year-end. This balance is included within the Balance Sheet heading *Short-Term Creditors*.

## 7.2 Income, Expense, Gains and Losses

	2022/23			2023/24		
	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities Measured at Amortised Cost	Financial Assets: Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	10,938	0	10,938	10,785		10,785
Impairment Losses	0	0	0			0
<b>Total Expense in (Surplus) or Deficit on the Provision of Services</b>	<b>10,938</b>	<b>0</b>	<b>10,938</b>	<b>10,785</b>	<b>0</b>	<b>10,785</b>
			0			0
Interest Income	0	(1,645)	(1,645)		(1,554)	(1,554)
Interest Income Accrued on Impaired Financial Assets	0	0	0			0
<b>Total Income in (Surplus) or Deficit on the Provision of Services</b>	<b>0</b>	<b>(1,645)</b>	<b>(1,645)</b>	<b>0</b>	<b>(1,554)</b>	<b>(1,554)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>10,938</b>	<b>(1,645)</b>	<b>9,293</b>	<b>10,785</b>	<b>(1,554)</b>	<b>9,231</b>

## 7.3 Fair Value of Assets and Liabilities

Financial liabilities, financial assets (represented by loans and receivables) and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cashflows over the whole life of the instrument at the appropriate market rate for Local Authority loans.
- No early repayment or impairment is recognised.
- Where a financial instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values of the Rhondda Cynon Taf CBC element of financial instruments are as follows:

	31/03/23		31/03/24	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	210,481	191,076	200,062	185,449
Market Debt	85,500	89,430	85,494	89,538
Local Authority Debt	0	0	0	0
Welsh Government Repayable Funding	51,225	78,627	0	0
Other Debt	96	96	75	75
Finance Lease	382	382	381	381
Trade Creditors	21,348	21,348	19,485	19,485
<b>Total</b>	<b>369,032</b>	<b>380,959</b>	<b>305,497</b>	<b>294,928</b>

	31/03/23		31/03/24	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	163,948	163,948	68,300	68,300

The fair values for PWLB debt and market debt have been calculated using level 2 in the fair value hierarchy. Please see note 1.10.2 in the accounting policies for the explanation of these levels.

### Soft Loans

In March 2022, the Council received a £82.4m interest free loan (Repayable Funding) from Welsh Government relating to investment in rail infrastructure. This loan was repaid during 2023/24. The Council has no further material soft loans.

Soft Loans	2023/24
	£'000
Balance as at 1 <sup>st</sup> April 2023	51,225
Loans Repaid	(51,225)
Balance as at 31 <sup>st</sup> March 2024	0

## 7.4 Nature and Extent of Risks Arising from Financial Instruments

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

### Key Risks

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing and Maturity Risk – the possibility that the Council may be required to renew a financial instrument on maturity at less favourable interest rates or terms.

- 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.

## **7.5 Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise these risks. The procedures for risk management are defined in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. This Council complies with these requirements by:

- Formally adopting the requirements of the Code of Practice.
- By adopting a Treasury Management Policy Statement and Treasury Management Clauses being incorporated into Financial Procedure Rules.
- Approving annually in advance Prudential and Treasury Indicators for the following three years.
- Approving an Investment Strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with guidance from the Welsh Government.
- Approving a Capital Strategy report which provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services along with an overview of the associated risk, its management and the implications for future financial sustainability.

These are required to be reported and approved before the start of the year to which they relate. The Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported in a mid-year review to Members, in addition to a full year review and also included within quarterly performance reports.

Policies are implemented by a corporate Treasury Management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). The TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Treasury Management Strategy and Capital Strategy are available on the Council's website.

## **7.6 Credit Risk**

Credit Risk arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers.

This risk is minimised through the Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. Such criteria include credit ratings assigned by credit ratings agencies. The Investment Strategy also

imposes a maximum amount and duration to be invested with a financial institution. The Council undertakes appropriate due diligence and puts in place appropriate security arrangements when lending to organisations. There are also other criteria and controls in place regarding counterparty selection, further details of which can be found in the approved Treasury Management Strategy.

The following analysis summarises the potential maximum exposure to credit risk (Rhondda Cynon Taf CBC element only). The default rates give details of the Council's experience of its customer collection levels.

	<b>31/03/24</b>	<b>Historical Experience of Default</b>	<b>Adjustment for Market Conditions at 31/03/24</b>	<b>Estimated Maximum Exposure to Default at 31/03/24</b>	<b>Estimated Maximum Exposure to Default at 31/03/23</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(a*c)</b>	
	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Deposits with Government Departments & Cynon Taf Community Housing	68,300	0	0	0	0
Trade Debtors	13,829	0.42	0.42	59	61

The 0.42% Historical Experience of Default represents debt written off in 2023/24 expressed as a percentage of invoices raised during that year. This percentage is not the basis of the Bad Debt Provision, which is calculated using various percentages designed to reflect the risk of debts of various ages not being collectable, as opposed to the far lower rate of actual write-offs for the year.

Investments with the Debt Management Office and other Government backed public bodies have the rating applicable to Government borrowing.

The Council does not generally allow credit for its trade debtors. However, £5.6m of the £13.8m balance is debt greater than 30 days old. This debt can be analysed as follows:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£'000</b>	<b>£'000</b>
Less than 3 months	1,490	1,162
3 – 6 months	995	148
6 months to 1 year	896	1,454
More than 1 year	2,353	2,787
<b>Total</b>	<b>5,734</b>	<b>5,551</b>

## 7.7 Liquidity Risk

The Council manages its liquidity position through effective cash flow management procedures.



The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer-term funds, it also acts as a lender of last resort to Councils. However, as per the PWLB guidance in August 2021, loans are no longer available to Council's planning to buy investment assets primarily for yield or solely for exploiting commercialisation opportunities. The Council is also required to produce a balanced budget in accordance with the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

## 7.8 **Refinancing and Maturity Risk**

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits set on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Council's Treasury Management team manage operational risks within approved parameters.

This includes;

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the principal value of the Rhondda Cynon Taf CBC element of financial liabilities is as follows:

	31/03/23	31/03/24
	£'000	£'000
Less than 1 year	92,892	10,494
Between 1 and 2 years	10,421	10,421
Between 2 and 5 years	31,259	38,219
Between 5 and 10 years	45,160	31,050
More than 10 years	196,964	193,694
<b>Total</b>	<b>376,696</b>	<b>283,878</b>

The maturity analysis of financial assets is as follows:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£'000</b>	<b>£'000</b>
Maturity greater than one year	2,100	2,000
Maturity less than one year	161,848	66,300
<b>Total</b>	<b>163,948</b>	<b>68,300</b>

Trade Debtors are not included in the table above.

## **7.9 Market Risk**

### **Interest Rate Risk**

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact upon the Council, depending how variable and fixed rates move across differing financial instrument periods.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy and the Annual Capital Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The Council's Treasury Management team, together with the appointed Treasury Management Advisors, monitor the market and forecast interest rates within the year to adjust the Council's exposures appropriately.

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

	<b>£'000</b>
Increase in interest payable on variable rate borrowings	1
Increase in interest receivable on variable rate investments	(15)
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>(14)</b>
Decrease in fair value of fixed rate borrowing liabilities (no impact on CI&ES)	35,214

The approximate impact of a 1% fall in interest rates would also be as above.

## **8.0 Short-Term Debtors**

An analysis of Short-Term Debtors in the Balance Sheet is as follows:

<b>31/03/23</b>		<b>31/03/24</b>
<b>(Restated)*</b>		
<b>£'000</b>		<b>£'000</b>
71,288	Central Government Bodies	63,917
12,950	Other Local Authorities	15,464
5,268	NHS Bodies	9,731
1,961	Public Corporations and Trading Funds	1,370
27,773	Other Entities and Individuals	29,955
<b>119,240</b>	<b>Total</b>	<b>120,437</b>

\* Restated due to a misclassification – NHS Bodies were overstated by £16m and Central Government Bodies understated by the same amount.

### Debtors for Local Taxation

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

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
4,731	Less than 1 year	5,328
2,029	1 year to 2 years	2,325
1,275	2 years to 3 years	1,515
981	3 years to 4 years	1,075
661	4 years to 5 years	855
1,499	More than 5 years	1,901
<b>11,176</b>	<b>Total</b>	<b>12,999</b>

## 9.0 Cash and Cash Equivalents

The Cash and Cash Equivalents are made up of the following elements:

<b>31/03/23</b>		<b>31/03/24</b>
<b>£'000</b>		<b>£'000</b>
13,535	Cash Held by the Council	10,618
(28,375)	Bank Current Accounts	(12,902)
<b>(14,840)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(2,284)</b>

Short-term cash surpluses are invested in line with the investment strategy and are represented in the Balance Sheet as "Short-Term Investments". Bank Current Accounts represent the position of the bank account as at 31<sup>st</sup> March 2024 adjusted for unrepresented cheques.

## 10.0 Short-Term and Long-Term Creditors

An analysis of Short-Term and Long-Term Creditors in the Balance Sheet is as follows:

### Short-Term Creditors

<b>31/03/23</b>		<b>31/03/24</b>
<b>£'000</b>		<b>£'000</b>
(11,566)	Central Government Bodies	(45,790)
(46,327)	Other Local Authorities	(44,455)
(8,867)	NHS Bodies	(4,270)
(766)	Public Corporations and Trading Funds	(5,239)
(64,947)	Other Entities and Individuals	(66,688)
<b>(132,473)</b>	<b>Total</b>	<b>(166,442)</b>

### Long-Term Creditors

<b>31/03/23</b>		<b>31/03/24</b>
<b>£'000</b>		<b>£'000</b>
(35,594)	Central Government Bodies	(6,071)
(4,358)	Other Entities and Individuals	(80)
<b>(39,952)</b>	<b>Total</b>	<b>(6,151)</b>

## 11.0 Provisions

Provisions are amounts set aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

<b>Short-Term Provision</b>	<b>Land Purchases and Part 1 Claims</b>	<b>Insurance Claims</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1<sup>st</sup> April 2023</b>	<b>(510)</b>	<b>(947)</b>	<b>(1,457)</b>
Additional provisions made in 2023/24	0	(914)	(914)
Amounts used in 2023/24	33	837	870
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(477)</b>	<b>(1,024)</b>	<b>(1,501)</b>

Long-Term Provision	Insurance Claims	Joint Committees	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2023</b>	<b>(2,581)</b>	<b>(438)</b>	<b>(3,019)</b>
Additional provisions made in 2023/24	(1,143)	(4,424)	<b>(5,567)</b>
Amounts used in 2023/24	981	0	<b>981</b>
Unused amounts reversed in 2023/24	594	0	<b>594</b>
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(2,149)</b>	<b>(4,862)</b>	<b>(7,011)</b>

## 12.0 Other Long-Term Liabilities

An analysis of Other Long-Term Liabilities is given in the following table:

31/03/23		31/03/24
£'000		£'000
(128,550)	Pension Liability (IAS19)	(9,310)
(609)	Other	(619)
<b>(129,159)</b>	<b>Total</b>	<b>(9,929)</b>

## 13.0 Usable Reserves

31/03/23			31/03/24
£'000			£'000
10,240	Council Fund Balance	13.1	10,240
105,125	Capital and Investment / Infrastructure Reserves	13.2	119,532
94,349	Other Revenue Related Reserves	13.2	78,495
15,248	Delegated Schools Reserve	13.3	7,820
10,658	Usable Capital Receipts Reserve	13.4	11,891
33,541	Capital Grant Unapplied Account	13.5	26,862
237	MGCC Insurance Reserve		163
<b>269,398</b>	<b>Total Usable Reserves</b>		<b>255,003</b>

### 13.1 Council Fund Balance

Council Fund Balances are accumulated working balances and relate to general fund services. These exclude “ring-fenced” Council services such as Delegated Schools.

Movements in the Council Fund Balance during 2023/24 were:

	<b>£'000</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>10,240</b>
Revenue Budget Outturn	(2,104)
Release of Earmarked Reserves	2,104
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>10,240</b>

## 13.2 Earmarked Reserves

This note sets out the amounts set aside from the Council Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure in 2023/24. All earmarked reserves are deemed to be revenue reserves.

### Capital and Investment / Infrastructure

Reserve	Purpose	Balance at 31/03/23	Transfers Out	Transfers In	Balance at 31/03/24
		£'000	£'000	£'000	£'000
<b>Capital Developments</b>	Resources set-aside from revenue budget, earmarked to fund the Council's approved 3-year capital programme.	<b>80,175</b>	(23,785)	40,417	<b>96,807</b>
<b>Investment / Infrastructure</b>	To fund current and future costs of maintaining and enhancing infrastructure across the County Borough	<b>24,950</b>	(20,224)	17,999	<b>22,725</b>
<b>Total</b>		<b>105,125</b>	<b>(44,009)</b>	<b>58,416</b>	<b>119,532</b>

**Other Revenue Related Reserves**

Reserve	Purpose	Balance at 31/03/23	Transfers Out	Transfers In	Balance at 31/03/24
		£'000	£'000	£'000	£'000
<b>Revenue Budget Strategy 2023/24</b>	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2023/24 budget.	9,105	(9,105)	0	0
<b>Revenue Budget Strategy 2024/25</b>	Medium Term Financial Planning & Service Transformation (transitional funding) to be released to fund the 2024/25 budget.	0	0	7,502	7,502
<b>Joint Committee Reserve</b>	Reflects the Council's share of General and Earmarked Reserves of the Joint Committees in which it has an interest.	2,874	(2,874)	2,987	2,987
<b>Revenue Grant Reserves (IFRS)</b>	Carry forward of Revenue Grants not yet applied to spend - required accounting treatment to comply with International Financial Reporting Standards.	3,619	(3,619)	6,467	6,467
<b>Financial Management and Human Resources Risk Management</b>	Resources set aside as cover for future liabilities relating to various risks identified and being managed.	26,874	(20,675)	18,014	24,213
<b>Treasury Management Reserve</b>	Funding for known and potential future pressures upon the Capital Financing budget.	2,465	0	0	2,465
<b>Insurance Reserve</b>	To provide for estimated costs of incidents that have occurred during the policy year but have not yet resulted in a claim being received.	8,261	(1,756)	0	6,505
<b>Prior Year Commitments</b>	Carry forward of existing funding to finance projects for which commitments have already been made in the prior year.	25,950	(14,255)	7,638	19,333
<b>Medium Term Financial Planning and Service Transformation</b>	Resources set aside as transitional (one-off) funding to support the Council's medium-term financial and service planning requirements.	4,887	(7,502)	4,642	2,027
<b>Other Specific Reserves</b>	Represents a number of reserves held for specific and identified purposes.	3,427	(796)	1,660	4,291
<b>Invest to Save</b>	Funding identified (pump priming) to support Invest to Save opportunities as and when they arise.	6,887	(5,947)	1,765	2,705
<b>Total</b>		<b>94,349</b>	<b>(66,529)</b>	<b>50,675</b>	<b>78,495</b>
<b>Total Earmarked</b>		<b>199,474</b>	<b>(110,538)</b>	<b>109,091</b>	<b>198,027</b>

### 13.3 Delegated Schools Reserve

Delegated schools are those that are managed independently. As such, these balances are committed to be spent on delegated services and are not available to the Council for general use.

The movements on the reserve are as follows:

	Balance at 31/03/23	Balance at 31/03/24
	£'000	£'000
Delegated Primary Schools	6,894	3,982
Delegated Secondary Schools	5,703	2,535
Delegated Special Schools	809	193
Delegated All Through Schools	1,842	1,110
<b>Total</b>	<b>15,248</b>	<b>7,820</b>

### 13.4 Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve is the proportion of capital receipts that may be used to finance capital expenditure.

The movements on the reserve are as follows:

2022/23		2023/24
£'000		£'000
<b>5,669</b>	<b>Balance as at 1<sup>st</sup> April</b>	<b>10,658</b>
	<u>Receipts during the year:</u>	
5,923	Sale of assets	1,397
0	Mortgage repayments	1
	<u>Application during the year:</u>	
(934)	Financing of capital expenditure	(165)
<b>10,658</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>11,891</b>

### 13.5 Capital Grant Unapplied Account

The Capital Grant Unapplied Account consists of Capital Grants and Contributions received and credited to Comprehensive Income and Expenditure Statement but not yet applied to fund capital expenditure. It represents resources available to fund future capital expenditure. It is assumed that the conditions of grants held within this account will be met.

2022/23		2023/24
£'000		£'000
<b>37,975</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>33,541</b>
87,736	Grants received	108,004
(92,170)	Grants utilised to fund capital expenditure	(114,683)
<b>33,541</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>26,862</b>



## 14.0 Unusable Reserves

These are reserves established as a result of various regulations to ensure costs chargeable to Council Tax are appropriate. They do not represent resources available for the general use of the Council.

31/03/23			31/03/24
£'000			£'000
272,429	Revaluation Reserve	14.1	305,825
665,876	Capital Adjustment Account	14.2	748,416
(5,214)	Financial Instruments Adjustment Account	14.3	(5,116)
(126,951)	Pensions Reserve	14.4	(7,961)
(9,398)	Short-Term Accumulating Compensated Absence Account		(5,367)
<b>796,742</b>	<b>Total Unusable Reserves</b>		<b>1,035,797</b>

## 14.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are;

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23		2023/24					
		RCT		Joint Committees		Total	
£'000		£'000	£'000	£'000	£'000	£'000	£'000
<b>249,240</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>272,429</b>		<b>0</b>		<b>272,429</b>	
39,564	Upward revaluation of assets/equity	53,150		685		53,835	
(7,907)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(11,203)		0		(11,203)	
<b>280,897</b>	<b>Surplus or Deficit on revaluation of Long-Term Assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>314,376</b>		<b>685</b>		<b>315,061</b>
(7,734)	Difference between Current Value Depreciation and	(8,827)		0		(8,827)	
(733)	Accumulated Gains on Assets sold or scrapped	(409)		0		(409)	
<b>(8,468)</b>	<b>Amount written off to the Capital Adjustment</b>		<b>(9,236)</b>		<b>0</b>		<b>(9,236)</b>
<b>272,429</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>305,140</b>		<b>685</b>		<b>305,825</b>

## **14.2 Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Long-Term Assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

This account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

2022/23		2023/24	
£'000		£'000	£'000
592,201	<b>Balance at 1<sup>st</sup> April</b>	665,876	
	Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(38,702)	Charges for depreciation and impairment of Long-Term Assets*	(37,719)	
(15,574)	Revaluation losses on Property, Plant and Equipment	(27,888)	
0	Movement in the market value of Investment Properties	0	
(2,256)	Amortisation of Intangible Assets	(2,283)	
(14,843)	Revenue Expenditure Funded from Capital Under Statute	(15,929)	
(1,076)	Amounts of Long-Term Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,615)	
8,468	Adjusted items written out of the Revaluation Reserve	9,236	
0	Donated Assets	0	
3,065	Joint Committee Adjustments	0	
531,283	<b>Net written out amount of the cost of Long-Term Assets consumed in the year</b>		589,678
	Capital Financing Applied in the Year:		
934	Use of the Capital Receipts Reserve to finance new Capital Expenditure	165	
83,038	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	104,697	
9,132	Application of grants to capital financing from the Capital Grants Unapplied Account	9,922	
15,115	Statutory provision for the financing of capital investment charged against the Council Fund	15,482	
26,386	Capital Expenditure charged against the Council Fund	28,472	
(12)	Private Mortgage Repayments	0	
134,593			158,738
665,876	<b>Balance at 31<sup>st</sup> March</b>		748,416

\* Charges for depreciation and impairment of long-term assets include credits representing reversal of accumulated depreciation and impairment, and debits representing in year changes.

### 14.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account represents the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the accumulated financing costs required in accordance with regulations to be charged to the Council Fund Balance. As at 31<sup>st</sup> March 2024 there was a debit balance of £5.1m (debit balance of £5.2m as at 31<sup>st</sup> March 2023).

### 14.4 Pensions Reserve

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

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
<b>(604,960)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(126,951)</b>
537,368	Actuarial gains or (losses) on Pensions Assets and Liabilities	124,163
(101,694)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(45,858)
42,335	Employer's pensions contributions and direct payments to pensioners payable in the year	40,685
<b>(126,951)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(7,961)</b>

**15.0 Cash Flow Statement – Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(54,276)	Depreciation and Impairment	(65,607)
(2,256)	Amortisation	(2,283)
(29,981)	(Increase)/Decrease in Creditors	(1,122)
(28,251)	Increase/(Decrease) in Debtors	587
(63)	Increase/(Decrease) in Stock	(141)
(59,359)	Movement in Pension Liability	(5,173)
471	Contribution to Provisions	(4,036)
(2,663)	Short-Term Accumulated Absence Accrual	4,031
(1,076)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,615)
(18,476)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	9,738
<b>(195,930)</b>	<b>Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements</b>	<b>(65,621)</b>

**16.0 Cash Flow Statement - Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
5,923	Proceeds from the sale of Property, Plant & Equipment, Investment Property and Intangible Assets	1,397
81,770	Any other items for which the cash effects are investing or financing cash flows	96,438
<b>87,693</b>		<b>97,835</b>

**17.0 Cash Flow Statement – Interest within Operating Activities**

The following table details interest received, and interest paid included within 'Net Cash Flows from Operating Activities' on the Cash Flow Statement.

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(1,969)	Interest received	(1,878)
10,938	Interest paid	10,785
<b>8,969</b>	<b>Interest within Operating Activities</b>	<b>8,907</b>

**18.0 Cash Flow Statement - Investing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
132,590	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	170,109
29,178	Purchase and Redemption of Short-Term and Long-Term Investments	(95,648)
(5,923)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,397)
(81,770)	Other Receipts from Investing Activities	(96,501)
<b>74,075</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(23,437)</b>

**19.0 Cash Flow Statement - Financing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(11)	Cash receipts of Short and Long-Term Borrowing	0
1	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	1
15,966	Repayments of Short and Long-Term Borrowing	61,644
<b>15,956</b>	<b>Net Cash Flows from Financing Activities</b>	<b>61,645</b>

**20.0 Notes to the Expenditure and Funding Analysis****20.1 Adjustments between Funding and Accounting Basis 2022/23**

<b>Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts</b>	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Prosperity, Development & Frontline Services	24,261	6,715	5,470	36,446
Chief Executive	6,423	7,063	4,732	18,218
Education & Inclusion Services	18,339	11,769	(225)	29,883
Community & Children's Services	5,534	17,605	(6,052)	17,087
Authority Wide Budgets	(34,973)	8	(19,547)	(54,512)
Joint Committees	0	0	113	113
<b>Net Cost of Services</b>	<b>19,584</b>	<b>43,160</b>	<b>(15,509)</b>	<b>47,235</b>
Other income and expenditure from the Expenditure and Funding Analysis	(81,407)	15,770	18,697	(46,940)
<b>Difference between General Fund (surplus) or deficit and CI&amp;ES (Surplus) or Deficit on the Provision of Services</b>	<b>(61,823)</b>	<b>58,930</b>	<b>3,188</b>	<b>295</b>

**Adjustments between Funding and Accounting Basis 2023/24**

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000s	£'000s	£'000s	£'000s
Finance, Digital & Frontline Services	21,317	2,904	2,054	26,275
Chief Executive	27,137	(488)	(2,084)	24,565
Education & Inclusion Services	21,691	(1,001)	(6,756)	13,934
Community & Children's Services	7,244	(1,425)	(15,455)	(9,636)
Authority Wide Budgets	(49,029)	0	(4,235)	(53,264)
Joint Committees	0	0	60	60
<b>Net Cost of Services</b>	<b>28,360</b>	<b>(10)</b>	<b>(26,416)</b>	<b>1,934</b>
Other income and expenditure from the Expenditure and Funding Analysis	(96,283)	5,100	31,383	(59,800)
<b>Difference between General Fund (surplus) or deficit and CI&amp;ES (Surplus) or Deficit on the Provision of Services</b>	<b>(67,923)</b>	<b>5,090</b>	<b>4,967</b>	<b>(57,866)</b>

Details of the total adjustments above are within the Movement in Reserves Statement.

**20.2 Expenditure and Income Analysed by Nature**

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

	2022/23	2023/24
<b>Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Employee Benefits Expenses	443,582	403,418
Other Services Expenses	398,827	418,195
Depreciation, Amortisation, Impairment	71,375	83,883
Interest Payments	10,938	10,785
Precepts And Levies	39,178	42,842
Loss On The Disposal Of Assets	0	218
<b>Total Expenditure</b>	<b>963,900</b>	<b>959,341</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(278,773)	(286,383)
Interest and Investment Income	(1,694)	(1,879)
Income from Council Tax and NNDR	(234,536)	(234,656)
Gain on the Disposal of Assets	(3,960)	0
Government Grants and Contributions	(444,590)	(494,289)
<b>Total Income</b>	<b>(963,553)</b>	<b>(1,017,207)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>347</b>	<b>(57,866)</b>

## 21.0 Members' Allowances

The Local Authorities (Allowances for Members of County and County Borough Councils and National Parks Authorities) (Wales) Regulations 2002, require authorities to make public their schemes for Members' allowances and to disclose annually amounts paid to each Member under such schemes.

During the year the Council paid the following amounts in respect of basic allowances, special responsibility allowances and dependent care allowances to 75 Members (excluding employer's national insurance contributions, employer's pension contribution and other associated costs).

	2022/23	2023/24
	£'000	£'000
Allowances	1,540	1,636
Expenses	25	31
<b>Total</b>	<b>1,565</b>	<b>1,667</b>

Details of all remuneration and allowances paid annually by the Council to each Councillor and Co-opted Member is published on the Council's website following the end of each financial year.

## 22.0 Officers' Remuneration

Statutory guidance issued by Welsh Ministers recommends the use of pay multipliers as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010).

Rhondda Cynon Taf CBC's remuneration ratio is 1:6 (1:6 in 2022/23) with the median earnings being £28,785 (£26,845 in 2022/23). This is the ratio between the Chief Executive's pay and the median earnings of the workforce within the Council, using current pay levels.

Under the Accounts and Audit (Wales) Regulations 2014 (as amended), local authorities must disclose in their accounts the number of employees whose remuneration in the year fell in each bracket of a scale in multiples of £5,000 commencing at £60,000 (excluding employer pension contributions). The disclosure includes redundancy payments.



Remuneration Band	2022/23	2023/24		
	No. of Employees	No. of Employees		
	Total	At 31/03/24	Left in Year	Total
£60,000 - £64,999	96	91	2	93
£65,000 - £69,999	45	86	3	89
£70,000 - £74,999	71	40	1	41
£75,000 - £79,999	23	62	0	62
£80,000 - £84,999	20	19	1	20
£85,000 - £89,999	6	16	3	19
£90,000 - £94,999	5	4	0	4
£95,000 - £99,999	4	6	0	6
£100,000 - £104,999	2	2	0	2
£105,000 - £109,999	7	2	1	3
£110,000 - £114,999	3	2	0	2
£115,000 - £119,999	1	4	0	4
£120,000 - £124,999	1	2	0	2
£125,000 - £129,999	1	0	0	0
£130,000 - £134,999	0	2	0	2
<b>Total</b>	<b>285</b>	<b>338</b>	<b>11</b>	<b>349</b>

The above table is based on full time equivalent posts and does not represent the actual payments to employees.

Officers employed by Voluntary Aided Schools have been excluded.

Salary costs for Joint Committees are not included in the above table but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee salaries has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The above table excludes specific Senior Officers, disclosed in the following table:

The following table sets out the remuneration for specific Senior Officers;

- Senior Officers whose salary is £60,000 or more per annum but less than £150,000. These are identified by job title.
- Senior Officers whose salary is £150,000 or more on an annualised basis. These are identified by name.
- Employer pension contributions are included.

Post Holder Information (Post Title)	2022/23			2023/24						
	Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions	Salary	Taxable Benefits in Kind	Compensation for Loss of Employment		Total Remuneration	Employer's Pension Contributions	Total Remuneration Including Employer's Pension Contributions
						Redundancy	Early Access Costs			
£'000			£'000							
Chief Executive - Paul Mee wef 01/12/2022	53	11	64	164	0	0	0	164	31	195
Chief Executive - Chris Bradshaw to 30/11/2022	106	23	129	0	0	0	0	0	0	0
Deputy Chief Executive & Group Director of Community & Children's Services to 30/11/2022	85	18	103	0	0	0	0	0	0	0
Deputy Chief Executive & Group Director Finance, Digital & Frontline Services (& Secion 151 Officer) wef 19/01/2023	26	6	32	132	0	0	0	132	25	157
Director of Finance & Digital Services (& Section 151 Officer) to 18/01/2023. *	85	18	103	0	0	0	0	0	0	0
Director of Education & Inclusion Services	104	22	126	108	0	0	0	108	20	128
Director of Human Resources	104	22	126	108	0	0	0	108	20	128

Director of Legal Services to 18/01/2023	77	16	<b>93</b>	0	0	0	0	<b>0</b>	0	<b>0</b>
Director of Legal & Democratic Services wef 19/01/2023	21	5	<b>26</b>	108	0	0	0	<b>108</b>	20	<b>128</b>
Director of Legal Services - Returning Officer	3	0	<b>3</b>	0	0	0	0	<b>0</b>	0	<b>0</b>
Director of Corporate Estates	104	22	<b>126</b>	108	0	0	0	<b>108</b>	20	<b>128</b>
Director of Prosperity & Development	98	21	<b>119</b>	108	0	0	0	<b>108</b>	20	<b>128</b>
Director of Public Health, Protection & Community Services	98	21	<b>119</b>	105	0	0	0	<b>105</b>	20	<b>125</b>
Director of Frontline Services to 31/08/2023	104	22	<b>126</b>	43	0	45	97	<b>185</b>	8	<b>193</b>
Service Director - Democratic Services & Communications	74	16	<b>90</b>	77	0	0	0	<b>77</b>	14	<b>91</b>
Director of Adult Services - Acting Director of Social Services to 20/09/23	34	7	<b>41</b>	50	0	0	0	<b>50</b>	9	<b>59</b>
Director of Social Services wef 21/09/2023	0	0	<b>0</b>	57	0	0	0	<b>57</b>	10	<b>67</b>
Director of Highways, Streetcare & Transportation wef 01/09/2023	0	0	<b>0</b>	58	0	0	0	<b>58</b>	11	<b>69</b>

*\* Includes Deputy Chief Executive between 01/12/2022 and 18/01/2023.*

The table above represents the Senior Leadership Team for Rhondda Cynon Taf CBC. Disclosure of Senior Officer remuneration of Joint Committees are included in the relevant Joint Committee Statement of Accounts.

## 23.0 Severance Costs

This note provides details of the cost of severance to the Council in respect of employees who have left the employment of the Council during the financial year (costs do not reflect the value of the severance received by the individual as it includes pension strain). All costs incurred are in line with the Council's relevant and applicable schemes of termination and as required under relevant Pension Fund Regulations where applicable, with each decision being based upon and supported by a business case.

The number and costs (in bandings) of compulsory and other terminations are set out in the table below:

Severance Cost Band	Number of Compulsory Terminations		Number of Other Terminations		Total Number of Terminations		Total Cost of Severance	
	£'000							
£	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	4	24	142	182	146	206	750	1,186
£20,001 - £40,000	1	3	25	47	26	50	761	1,431
£40,001 - £60,000	0	1	19	33	19	34	927	1,651
£60,001 - £80,000	0	0	5	23	5	23	352	1,609
£80,001 - £100,000	1	0	6	14	7	14	633	1,274
£100,001 - £150,000	0	1	7	11	7	12	873	1,374
£150,001 - £200,000	0	0	4	1	4	1	642	187
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	1	0	1	0	269
<b>Total</b>	<b>6</b>	<b>29</b>	<b>208</b>	<b>312</b>	<b>214</b>	<b>341</b>	<b>4,938</b>	<b>8,981</b>

During 2023/24, the Council saved annual payroll costs of £5,160k (£2,588k 2022/23) through Voluntary Redundancy and Voluntary Early Retirement. Severance Costs for Joint Committees are not included in the above note but can be found in the relevant Joint Committee Statement of Accounts. However, a percentage of Joint Committee severance costs has been consolidated into the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

## 24.0 External Audit Costs

The estimated costs to the Council for financial year 2023/24 in relation to the audit of the Statement of Accounts for certification of grant claims, statutory inspections and other services provided by the Council's external auditors are set out in the table below:

	2022/23	2023/24
	Estimated	Estimated
	£'000	£'000
<b>Fees Payable to the Auditor General for Wales</b>		
External audit services carried out by the Statutory Auditor for the year	274	291
Local Government Measure Work	102	109
Certification of Grant Claims and Returns for the year	63	69
<b>Total</b>	<b>439</b>	<b>469</b>

## 25.0 Non-Domestic Rates

The level of Non-Domestic Rates (NDR) is based on a “multiplier” set nationally by the Welsh Government, multiplied by the rateable value of a particular property. This calculation will give the property a rate liability for the year. The multiplier for 2023/24 was 53.5p (53.5p for 2022/23). The total rateable value as at 31<sup>st</sup> March 2024 was £135.4m (£130.2m as at 31<sup>st</sup> March 2023).

The Council is responsible for collecting the business rates in its area and pays the proceeds into the NDR pool administered by the Welsh Government. The Welsh Government redistributes total collections back to local authorities on the basis of a fixed amount per head of population. Total NDR collected from ratepayers in respect of 2023/24 rates is £45.9m (£47.5m in 2022/23). The contribution back to the Council from the pool in the year amounted to £77.2m (£85.6m in 2022/23) and the amount payable to the pool amounts to £50.0m (£51.6m in 2022/23). As the Council acts as an agent collecting income on behalf of the Welsh Government, the income collected is not recognised as income in the Comprehensive Income and Expenditure Statement.

## 26.0 Council Tax

Council Tax income derives from charges raised according to the value of residential properties. Charges are calculated by taking the amount of income required for Rhondda Cynon Taf CBC, the Police and Crime Commissioner for South Wales and the Community Councils for the year and dividing this amount by the Council Tax base.

The Council Tax base for 2023/24 was calculated to be £77,978 (compared with £77,707 for 2022/23). This represents the anticipated yield for every £1 of Council Tax levied.

The base is calculated by placing properties in ten bands (A\*-I). After allowing for discounts and exemptions, these are then converted to the equivalent number of Band D properties, using the appropriate multiplier as below:

Band	A*	A	B	C	D	E	F	G	H	I
No. of Properties	198	39,379	22,030	14,893	8,649	6,462	3,212	1,092	185	31
Multiplier	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	21/9

The resultant number of Band D properties is reduced by a percentage to reflect anticipated non-collection. The target collection rate for 2023/24 was 97.25%. The Council also introduced a Council Tax Premium charge on long-term empty properties for financial year 2023/24.

An analysis of the net proceeds from Council Tax is shown as follows:

<b>Council Tax Analysis</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax Collectable	148,917	157,467
<b>Net Proceeds from Council Tax</b>	<b>148,917</b>	<b>157,467</b>
Less Payable:		
Police and Crime Commissioner for South Wales	(23,476)	(25,301)
Community Councils	(2,376)	(2,608)
<b>Total</b>	<b>123,065</b>	<b>129,558</b>

## 27.0 Grant Income

The following grants, contributions and donations were credited to the Comprehensive Income and Expenditure Statement in 2023/24:

### 27.1 Credited to Services

A number of grants and contributions have been recognised as income within Net Cost of Services. This income amounts to £224m in 2023/24 (in 2022/23 these grants and contributions amounted to £242m).

### 27.2 Capital Grants Receipts in Advance

All Capital Grants received have been recognised as income within the Comprehensive Income and Expenditure Statement.

## 28.0 Agency Transactions

There have been a number of grants or areas of financial support that the Council has been asked to administer on behalf of Welsh Government. These have been accounted for as an agency arrangement. The following table lists the schemes and the amount received:

<b>2022/23</b>	<b>Scheme</b>	<b>2023/24</b>
<b>£'m</b>		<b>£'m</b>
6.300	Winter Fuel Support Grant	0.000
0.028	Energy Bill Support Scheme	0.084
13.304	Cost of Living (Main Scheme)	0.000
0.116	Statutory Sick Pay (SSP) Enhancement	0.000
1.027	Self Isolation payments	0.000
0.186	Ukraine Sponsor Payments	0.275
0.059	Ukraine Cash Payments	0.000
8.042	Real Living Wage Social Care Workers Payment	0.000
0.000	Ukrainian Support £200 Fixed Fee	0.004
0.000	Ukrainian Sponsor Payments (WG)	0.043
<b>29.062</b>	<b>Total</b>	<b>0.406</b>

## **29.0 Related Parties**

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

### **29.1 Welsh Government**

The Welsh Government is responsible for providing the statutory framework within which the Council 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). Transactions between the Council and Welsh Government are as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Non-Ringfenced Government Grants	(359,489)	(397,788)
Capital Grants and Contributions	(71,700)	(96,501)
Credited to Services	(162,655)	(166,093)
<b>Total</b>	<b>(593,844)</b>	<b>(660,382)</b>

## **29.2 Chief Officers and Members**

### **Members of the Council**

Under the Code of Conduct incorporated in the Council's Constitution, Members are required to record in the Register of Members Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The

Register is open to inspection by the public and is available on an individual Member basis on the Council website.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the County Borough Council. Membership details are available from the Service Director - Democratic Services & Communications, Llys Cadwyn 2, Pontypridd.

During 2023/24 there were no Members identified as having a controlling interest in any company commissioned to supply works or services to the Council of any material value. However, Members have identified interests with organisations with which the Council has had financial transactions during 2023/24. The value of these transactions amounted to payments of £2,736k (£3,111k in 2022/23), of which £27k was outstanding at year end (£392k in 2022/23), and receipts of £324k (£310k in 2022/23), of which £60k was outstanding at year end (£71k in 22/23).

A Member of the Council declared that a relative is a director within a transport company that leases a Council owned property. Another Member is an employee within the same organisation. Payments to the company amount to £19k (£435k in 22/23) with no balances outstanding for 2022/23 or 2023/24 year ends, and receipts of £175k (£36k in 22/23), of which £36k was outstanding (£3k in 22/23). The Members did not take part in any discussion, decision or administration relating to the services.

### **Chief Officers (Senior Leadership Team)**

Under the Employees' Code of Conduct, Officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere.

The Council has transactions with a construction company that carries out work on Council owned properties. A Member of the Senior Leadership Team of the Council declared that a relative is a director of the company. The value of these transactions amounted to payments of £2,561k (£2,534k in 2022/23), of which £22k was outstanding at year end (£38k in 2022/23), with no receipts. (£5k in 2022/23 of which £4k was outstanding at year end). The Officer did not take part in any discussion, decision or administration relating to the services.

The Council has transactions with Cardiff & Vale University Health Board. A Member of the Senior Leadership Team of the Council declared that a relative was the Executive Director of Public Health during the 2023/24 financial year. The value of these transactions amounted to payments of £528k (£616k in 2022/23), of which £39k was outstanding at year end (£60k in 2022/23). There were no receipts (£7k in 2022/23), therefore nothing outstanding at year end (£7k in 2022/23). The Officer did not take part in any discussion, decision or administration relating to the services.



There were no other related party transactions for members of the Senior Leadership Team.

### 29.3 Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Comprehensive Income and Expenditure Statement.

An analysis of precepts is given in the following table:

	2022/23	2023/24
	£'000	£'000
Police and Crime Commissioner for South Wales	23,476	25,301
Community Councils	2,376	2,608
<b>Total</b>	<b>25,852</b>	<b>27,909</b>

An analysis of levies is given in the following table:

	2022/23	2023/24
	£'000	£'000
South Wales Fire and Rescue Service	12,384	13,942
Coroner	682	713
Bannau Brecheiniog National Park	53	53
Glamorgan Archives Joint Committee	207	225
<b>Total</b>	<b>13,326</b>	<b>14,933</b>

### 29.4 Rhondda Cynon Taf Pension Fund

The Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services is also the responsible Finance Officer to the Rhondda Cynon Taf Pension Fund. The Council charged the Pension Fund an amount of £2.0m (£1.6m in 2022/23) in respect of administration and support during financial year 2023/24. The amount owed from the Council to the Pension Fund as at 31<sup>st</sup> March 2024 is nil (nil as at 31<sup>st</sup> March 2023).

### 29.5 Associated and Subsidiary Companies

The Council has an interest in three companies: namely; Amgen Cymru Ltd., Amgen Rhondda Ltd. and Redstart Ltd (WSP Glamorgan Consultancy Ltd). Officers of the Council are directors of Amgen Cymru Ltd and Amgen Rhondda Ltd. During 2023/24 the following related party transactions took place with these companies.

#### **Amgen Cymru Ltd.**

The Council paid Amgen Cymru £8,774k (£9,566k in 2022/23) in respect of waste management and waste disposal charges, with £1,311k (£1,049k in 2022/23) due to the company at the year-end. Amgen Cymru paid the Council £1,286k (£586k in 2022/23) in respect of goods and services, with £37k (£282k in 2022/23) due to the Council at the year-end.

In December 2019, Amgen Cymru's new Materials Recycling Facility (MRF) was opened which was jointly funded by Rhondda Cynon Taf CBC and Cynon Valley Waste Disposal Company Limited (CVWDCL) (trading as Amgen Cymru). The total cost of the asset was £10,518k with RCTCBC funding £6,128k and the remaining £4,390k funded from CVWDCL. As ultimate parent undertaking of CVWDCL, Rhondda Cynon Taf CBC provided a loan for the £4,390k over a 10 year period at market rates. As at 31<sup>st</sup> March 2024 £2,524k was outstanding (as at 31<sup>st</sup> March 2023 £2,963k was outstanding).

### **Amgen Rhondda Ltd.**

The Council paid Amgen Rhondda £177k (£176k in 2022/23) in respect of site management fees, with nil (nil in 2022/23) outstanding at 31<sup>st</sup> March 2024. Amgen Rhondda paid the Council nil (£10k in 22/23), with £21k outstanding at 31<sup>st</sup> March 2024 (nothing in 22/23).

### **WSP Glamorgan Consultancy Ltd.(formerly Capita Glamorgan Consultancy Ltd.) Redstart Ltd**

WSP Glamorgan Consultancy Ltd is a Joint Venture between WSP and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 27.93% of the shares of the company and holds voting rights to this value on the Board.

During 23/24, the Council was charged £3,873k (£3,822k in 2022/23) in respect of goods, services and capital works. The balance owed to WSP Glamorgan Consultancy Ltd at 31<sup>st</sup> March 2024 was £417k (£726k in 2022/23).

WSP Glamorgan Consultancy Ltd paid the Council nil (nil in 2022/23) in respect of goods and services, with nil (nil in 2022/23) due to the Council at the year-end.

## **29.6 Joint Committees**

The Council participates in the following Joint Committees.

### **Glamorgan Archives Joint Committee**

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee has 16 members in total. There are 4 Rhondda Cynon Taf CBC Members on the Joint Committee.

During 2023/24, the Council contributed to the Joint Committee an amount of £225k (£207k in 2022/23). This was calculated proportionately based upon population.

### **Llwydcoed Crematorium**

Llwydcoed Crematorium is subject to the control of a Joint Committee of Members from Rhondda Cynon Taf CBC and Merthyr Tydfil CBC.

During 2023/24, the Council charged Llwydcoed Crematorium £48k (£45k in 2022/23) in respect of central establishment charges. As at 31<sup>st</sup> March 2024 the Council held cash balances relating to the Crematorium of £1,379k (£1,253k in 2022/23).

### **Education School Improvement Service (ESIS)**

ESIS became non-operational from 1<sup>st</sup> September 2012 and was administered by a Joint Committee comprising Bridgend, Caerphilly, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils.

Exit agreement negotiations are ongoing.

### **Central South Consortium Joint Education Service (CSCJES)**

The Central South Consortium Joint Education Service provides a range of school improvement services within the local authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

The Council consolidates 27.29% of the assets, liabilities and transactions of CSCJES into its financial statements.

During 2023/24, the Council received income of £169k from CSCJES (received income of £117k in 2022/23) in respect of advisory and training services, along with grants of £12,120k (£23,545k in 2022/23), and charged CSCJES £186k (£170k in 2022/23) in respect of central establishment charges. The Council also paid CSCJES expenditure of £1,133k (£1,081k in 2022/23). As at 31<sup>st</sup> March 2024 the Council owed cash balances of £2,037k relating to CSCJES (the Council owed cash balances to CSCJES of £2,222k as at 31<sup>st</sup> March 2023). As part of the Joint Committee consolidation process, offsetting transactions and balances are removed from the accounts to ensure individual values are not overstated. CSCJES distributes grants to participating authorities on behalf of Welsh Government.

### **Coychurch Crematorium**

Coychurch Crematorium is owned and operated by a Joint Committee on behalf of Bridgend CBC, the Vale of Glamorgan Council and Rhondda Cynon Taf CBC.

At 31<sup>st</sup> March 2024 there were no outstanding balances between the Council and Coychurch Crematorium (no balances outstanding as at 31<sup>st</sup> March 2023).

### **Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC)**

The Vale, Valleys and Cardiff Regional Adoption Collaborative (VVC) became operational on 1<sup>st</sup> June 2015 and is administered by the Vale of Glamorgan Council. It is comprised of the adoption services of the Vale of Glamorgan Council, Rhondda Cynon Taf CBC, Merthyr Tydfil CBC and Cardiff City and County Council. It is one of five regional Collaboratives which form part of the National Adoption Service in Wales (NAS).

During 2023/24, the Council contributed £603k to the Vale, Valleys and Cardiff Regional Adoption Collaborative (£603k in 2022/23).

## **Cardiff Capital Region City Deal (CCRCD)**

On 15<sup>th</sup> March 2016, the ten Council Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal, an agreement between the UK Government, the Welsh Government and the ten leaders to develop and manage £1.2 billion investment in the Cardiff Capital Region's infrastructure through a 20-year Investment Fund.

The Council consolidates 15.77% of the assets, liabilities and transactions of CCRCD into its financial statements.

During 2023/24, there was a revenue contribution to CCRCD of £202k (£192k in 2022/23), there was a nil capital contribution (nil in 2022/23).

From 1<sup>st</sup> April 2024, the activities of CCRCD will transition to the South East Wales Corporate Joint Committee (SEWCJC), a regional corporate body with broadly similar powers and duties to local authorities.

### **29.7 Partnership Agreement**

#### **Biogen Tomorrow's Valley Food Waste Plant**

The Biogen Food Waste Plant became fully operational on the 19<sup>th</sup> July 2015. The 3 local authorities who form the Hub (Rhondda Cynon Taf CBC, Merthyr CBC and Newport City Council) send a combined annual contracted guaranteed minimum tonnage of 13,500 tonnes to be treated at the facility. In 2023/24 a total amount of £1,115k (£1,063k in 2022/23) associated costs have been incurred by the parties, of which RCT's associated costs in 2023/24 were £617k (£582k in 2022/23), with Welsh Government contributing £124k (£124k in 2022/23) of grant funding.

### **29.8 Other Related Parties**

#### **Trivallis**

Trivallis is one of Wales' largest registered social landlords providing homes for thousands of families in Rhondda Cynon Taf. There is 1 Rhondda Cynon Taf CBC Member on the board of Trivallis. Two other members expressed a relationship.

During 2023/24, the Council paid Trivallis £1,201k (£1,159k in 2022/23) and received income of £2,487k (£2,957k in 2022/23). At year-end, Trivallis owed £1k to the Council (£367k in 2022/23).

#### **Cynon Taf Community Housing Group**

The Council holds a commercially agreed loan with Cynon Taf Community Housing Group. The balance outstanding at 31<sup>st</sup> March 2024 is £2.1M (£2.2M as at 31<sup>st</sup> March 2023).

**30.0 Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR) - a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Opening Capital Financing Requirement	502,763	503,255
<b>Capital Investment:</b>		
Property, Plant & Equipment	116,956	150,619
Intangible Assets	3,296	3,321
Revenue Expenditure Funded from Capital Under Statute	14,843	15,928
	<b>135,095</b>	<b>169,868</b>
<b>Sources of Finance:</b>		
Capital Receipts	(934)	(165)
Capital Development Fund	(2,661)	(366)
Government Grants and Other Contributions	(92,170)	(114,683)
	<b>(95,765)</b>	<b>(115,214)</b>
<b>Sums Set Aside from Revenue:</b>		
Direct Revenue Contributions	(23,723)	(28,105)
Minimum Revenue Payment	(15,115)	(15,482)
	<b>(38,838)</b>	<b>(43,587)</b>
<b>Closing Capital Financing Requirement</b>	<b>503,255</b>	<b>514,322</b>
<b>Explanation of Movements in Year</b>		
Increase/(Decrease) in underlying need to borrowing supported by government financial assistance	(968)	(1,156)
Increase in underlying need to borrowing (unsupported by government financial assistance)	1,461	12,224
Finance Leases	(1)	(1)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>492</b>	<b>11,067</b>

**31.0 Leases**

The following disclosures relate to the Council as a lessee.

### 31.1 Finance Leases

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

	31/03/23	31/03/24
	£'000	£'000
Other Land and Buildings	155	150

These assets are part of the Council's impairment review.

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

	31/03/23	31/03/24
	£'000	£'000
<b>Finance Lease Liabilities:</b>		
Current	1	1
Long-Term	381	380
Finance costs payable in future years	1,145	1,123
<b>Minimum Lease Payments</b>	<b>1,527</b>	<b>1,504</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/23	31/03/24	31/03/23	31/03/24
	£'000	£'000	£'000	£'000
Less than 1 year	23	23	1	1
1 to 5 years	113	113	5	5
Greater than 5 years	1,391	1,368	376	375
<b>Total</b>	<b>1,527</b>	<b>1,504</b>	<b>382</b>	<b>381</b>

### 31.2 Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are demonstrated in the table below. Examples of such assets utilised under operating lease arrangements are photocopiers and printers.

	31/03/23			31/03/24		
	Other Land & Buildings	Vehicles, Plant & Equip.	Totals	Other Land & Buildings	Vehicles, Plant & Equip.	Totals
	£'000	£'000	£'000	£'000	£'000	£'000
Not later than 1 year	470	703	1,173	303	733	1,036
Later than 1 year and not later than 5 years	966	1,416	2,382	671	1,393	2,064
Later than 5 years	1,778	119	1,897	3,765	130	3,895
<b>Total</b>	<b>3,214</b>	<b>2,238</b>	<b>5,452</b>	<b>4,739</b>	<b>2,256</b>	<b>6,995</b>

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

	31/03/23	31/03/24
	£'000	£'000
Minimum Lease Payments	1,511	1,543

### 31.3 Sub-Leases

The Council has sub-let buildings. Non-cancellable sub-lease payments are expected to be received until expiry of the lease agreement, as shown in the table below:

	2022/23	2023/24
	£'000	£'000
Less than 1 year	202	292
1 to 5 years	677	1,013
Greater than 5 years	734	836
<b>Total</b>	<b>1,613</b>	<b>2,141</b>

### 31.4 Operating Leases with Council as Lessor

The Authority has entered into a number of operating leases with lessees in respect of land and buildings. The total future annual lease payments due to the Authority are as follows:

	2022/23	2023/24
	£'000	£'000
Less than 1 year	1,074	1,224
1 to 5 years	4,382	4,794
Greater than 5 years	6,775	6,168
<b>Total</b>	<b>12,231</b>	<b>12,186</b>

### 32.0 Impairment Losses

During 2023/24, the Council has recognised an impairment loss of £34.2m (a loss of £17.9m in 2022/23) in relation to its Long-Term Assets. This impairment charge is

included within the Long-Term Asset note 6.1, which also includes reversal of impairment from previous years.

### **33.0 Retirement Benefits - Defined Benefit Schemes**

#### **33.1 Participation in Pension Schemes**

As part of their terms and conditions Members and Officers are offered retirement benefits by the Council. Although these benefits will not actually be payable until retirement, the Council has a commitment to make these payments. The liability for these payments needs to be accounted for at the time the future entitlement is earned.

The Council participates in two pension schemes:

- Teachers - Please refer to note 34.0.
- Other Employees and Members - The Local Government Pension Scheme administered by Rhondda Cynon Taf CBC. This is a funded defined benefit career average scheme. The Council and participants pay contributions into the fund calculated at a level intended to balance the pensions liabilities with investment assets. The pension costs that are charged to the Council's accounts are defined by IAS 19 "Employee Benefits".

The CSCJES Joint Committee charges pension costs to their accounts in line with IAS 19. The Rhondda Cynon Taf CBC share of these entries is consolidated into the main accounts and disclosed in the following notes.

#### **33.2 Transactions Relating to Post-Employment Benefits**

The cost of retirement benefits is recognised in the 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 via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year:



	2022/23	2023/24		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement:</b>				
Cost of Services:				
Current Service Cost	84,141	37,150	255	37,405
Past Service Cost	1,790	3,430	0	3,430
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest Expense	15,763	5,100	(77)	5,023
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>101,694</b>	<b>45,680</b>	<b>178</b>	<b>45,858</b>
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>				
Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	166,501	(88,450)	(556)	(89,006)
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(993)	(23,420)	(111)	(23,531)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(815,750)	(52,670)	(261)	(52,931)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	112,874	20,820	81	20,901
Surplus Restriction	0	19,390	1,012	20,402
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(435,674)</b>	<b>(78,650)</b>	<b>343</b>	<b>(78,307)</b>
<b>Movement in Reserves Statement:</b>				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(101,694)	(45,680)	(178)	(45,858)
<i>Actual amount charged against the Council Fund Balance for pensions in the year:</i>				
Employers' contributions payable to scheme	42,335	40,590	94	40,684

The total remeasurement of the Net Defined Benefit Liability recognised in Other Comprehensive Income and Expenditure to the 31<sup>st</sup> March 2024 is a gain of £124.2m (£537.4m gain in 2022/23).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the year ending 31<sup>st</sup> March 2024 is a gain of £661.6m.

**33.3 Reconciliation of Present Value of the Scheme Liabilities**

	2022/23	2023/24		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>2,107,141</b>	<b>1,497,680</b>	<b>6,990</b>	<b>1,504,670</b>
Current Service Cost	84,141	37,150	255	37,405
Interest Cost on Defined Obligation	56,352	69,230	325	69,555
Contributions by scheme participants	11,631	11,970	113	12,083
<b>Remeasurement (Gains) and Losses</b>				0
Actuarial (Gains) and Losses Arising on Liabilities - Demographic Assumptions	(993)	(23,420)	(111)	(23,531)
Actuarial (Gains) and Losses Arising on Liabilities - Financial Assumptions	(815,750)	(52,670)	(261)	(52,931)
Actuarial (Gains) and Losses Arising on Liabilities - Experience	112,874	20,820	81	20,901
Benefits paid	(52,516)	(63,090)	(272)	(63,362)
Past service costs	1,790	3,430	0	3,430
<b>Balance at 31<sup>st</sup> March</b>	<b>1,504,670</b>	<b>1,501,100</b>	<b>7,120</b>	<b>1,508,220</b>

**33.4 Reconciliation of Fair Value of the Scheme Assets**

	2022/23	2023/24		
		RCT	Joint Comm's	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April</b>	<b>1,502,181</b>	<b>1,369,130</b>	<b>8,589</b>	<b>1,377,719</b>
Interest Income	40,589	64,130	402	64,532
<b>Remeasurement (Gains) and Losses:</b>				0
The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(166,501)	88,450	556	89,006
Employer contributions	42,335	40,590	94	40,684
Contributions by scheme participants	11,631	11,970	112	12,082
Benefits paid	(52,516)	(63,090)	(272)	(63,362)
<b>Balance at 31<sup>st</sup> March</b>	<b>1,377,719</b>	<b>1,511,180</b>	<b>9,481</b>	<b>1,520,661</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a gain of £153.54m (£124.51m loss in 2022/23).

### 33.5 Scheme History

	2019/20 Inc Joint Comm's	2020/21 Inc Joint Comm's	2021/22 Inc Joint Comm's	2022/23 Inc Joint Comm's	2023/24 Inc Joint Comm's
	£'000	£'000	£'000	£'000	£'000
Present Value of the Defined Obligation	(1,760,955)	(2,180,257)	(2,107,141)	(1,504,670)	(1,508,220)
Fair Value of Plan Assets	1,103,321	1,471,559	1,502,181	1,377,719	1,520,661
Unrecognised Asset	0	0	0	0	(20,402)
<b>Surplus/(Deficit)</b>	<b>(657,634)</b>	<b>(708,698)</b>	<b>(604,960)</b>	<b>(126,951)</b>	<b>(7,961)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £8m has a substantial impact on the Net Worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council is not impacted upon. The deficit on the local government scheme will be made good in line with actuarial assumptions.

### 33.6 Local Government Pension Scheme Assets

As at 31<sup>st</sup> December 2023, the Rhondda Cynon Taf Pension Fund Assets used in IAS19 calculations comprised of:

Fair Value of Scheme Assets		
	2022/23	2023/24
	£'000	£'000
UK Equities	443,611	171,014
Overseas Equities	2,354,047	2,702,245
UK Fixed Interest Gilts	429,562	548,487
UK Corporate Bonds	507,735	702,339
Property	318,236	291,347
Infrastructure	21,975	17,628
Cash and Net Current Assets	27,511	58,587
<b>Total</b>	<b>4,102,677</b>	<b>4,491,647</b>

### 33.7 Basis for Estimating Assets and Liabilities

#### Roll-forward of Assets

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to the accounting year-end allowing for:

- Investment returns, and
- Cash-flows including investment returns on those cashflows.

The asset value at the start of the accounting period is accumulated with the Fund investment return over the accounting period. Net cashflows are assumed to be paid

halfway through the period and accrue half of the Fund investment return over the period.

### Roll-forward of Liabilities

The valuation results from the last full valuation of the Fund (or results at the previous accounting date as appropriate) are adjusted to allow for the later calculation date (by adding interest to the liabilities) and make allowance for changes in liabilities due to:

- The accrual of new benefits and the discharge of liabilities from the payment of benefits.
- The financial and demographic assumptions adopted at the year-end.
- The impact of any known experience affecting the liabilities, such as the impact of actual pension increases on pensions in payment and deferred benefits.
- If applicable, the impact of events which result in a change in the liability such as past service costs, settlements and curtailments.

The full valuation was based on funded benefits and the principal assumptions used by the actuary have been:

	31/03/23	31/03/24
Long-Term Expected Rate of Return on Assets in the Scheme (in line with the discount rate)	4.30%	4.30%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6	21.0
Women	24.2	23.8
Longevity at 65 for future pensioners:		
Men	22.9	22.3
Women	25.7	25.2
Rate of inflation (CPI)	2.7%	2.6%
Rate of increase in salaries	3.95%	3.85%
Rate of increase in pensions	2.7%	2.6%
Rate for discounting scheme liabilities	4.7%	4.8%
Take-up of option to convert annual pension into retirement lump sum	85%	85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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.

	RCT		Joint Committes		Total	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	£'000	£'000	£'000	£'000	£'000	£'000
Longevity (Increase or Decrease in 1 Year)	38,790	(37,290)	185	(178)	38,975	(37,468)
Rate of Increase in Salaries (Increase or Decrease by 0.1%)	2,980	(2,980)	14	(14)	2,994	(2,994)
Rate of Increase in Pensions (Increase or Decrease by 0.1%)	22,380	(22,380)	114	(107)	22,494	(22,487)
Rate for Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	(25,360)	25,360	(121)	128	(25,481)	25,488

### 33.8 Contributions for the Accounting Period ending 31<sup>st</sup> March 2025

The Employer's regular contributions to the Fund for the accounting period 31<sup>st</sup> March 2025 are estimated to be £38.8m. In addition, "strain on fund" contributions may be required.

Further information can be found in the Pension Fund Annual Report, which is on the [RCT Pension Fund website](#) and also available on request from the Deputy Chief Executive/Group Director – Finance, Digital & Frontline Services, Oldway House, Porth, Rhondda, CF39 9ST.

### 34.0 Retirement Benefits - Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of 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 2023/24, the Council paid £22.5m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022/23 were £21.1m, representing 23.68% of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with related increases. In 2023/24 these amounted to £681k (£654k in 2022/23).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

## **35.0 Contingent Liabilities**

### **35.1 Insurance**

The Council is liable for insurance claims made against it in respect of certain events. A provision is made in respect of claims received as at 31<sup>st</sup> March 2024. There is a further contingent liability in respect of events which will have occurred, but which have not resulted in a claim being made as at the date of the accounts. The "statute of limitation" sets out the timescale by which a claim will have to be made in respect of such past events. An earmarked reserve has been set up to provide towards the costs of these incidents.

Due to the volume and differing circumstances of each potential claim it is impractical to provide an estimate of the possible financial effect. Similarly, it is impractical to provide an indication of uncertainties relating to the amount and timing of such liabilities.

Insurance claims are also referenced in note 4.2.

### **35.2 Municipal Mutual Insurance Ltd.**

The former authorities of Rhondda Borough Council, Cynon Valley Borough Council, Taff Ely Borough Council and Mid Glamorgan County Council are creditors of Municipal Mutual Insurance Ltd. (MMI). MMI ceased to write new insurance business from 30<sup>th</sup> September 1992 and a Scheme of Arrangement was put in place in January 1994. The scheme was set up to ensure an orderly run off of claims in the event of MMI not being solvent. As creditors of MMI, the Council is legally bound by the Scheme and in November 2012, the scheme was triggered.

Future claim settlements by MMI will be made at a level of 75% with the funding of the remaining 25% being met from the former authorities' funds. Correspondence from the scheme administrator states that it is not possible to guarantee that the initial and second levy, paid in February 2014 and May 2016, will be sufficient but they are the best estimates given the current position. The scheme requires the administrator to review the Levy at least once a year. Given the uncertainty regarding how sufficient the initial clawback will be, a contingent liability exists as the Council could be subject to further clawback dependent upon the resources of MMI, the insurer.

### **35.3 Pensions Asset / Liability**

The High Court ruled in June 2023 that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 require actuarial certificates under section 37 of the Pension Schemes Act 1993. Where there is no certification, or the certificates are not available, the changes will be considered void. This applies

to past service and future service rights whether resulting in detriment or benefit to scheme members. An appeal was dismissed by the Court of Appeal in August 2024. The Government's Actuary Department (GAD) are currently reviewing scheme changes for LGPS among other schemes to confirm whether actuarial certificates are available. Requests have been made to DWP to consider making regulations under section 37 (2) of the Pension Schemes Act 1993 to validate any amendment held to be void solely due to written actuarial confirmation not being received or located. DWP have not indicated whether they will take this forward.

There is a potential liability of unknown value and timing due to the uncertainties detailed above.

### **36.0 Trust Funds**

The Council acts as sole trustees for various charities. Separate accounts are maintained for these. Net assets as at 31<sup>st</sup> March 2024 are shown as follows and are not included in the Council's Balance Sheet. The 2023/24 figures are draft, subject to audit (Audit Wales for Welsh Church Act, the Regional Internal Audit Service for the other funds).

	Description	31/03/23	31/03/24
		£'000	£'000
Education & Miscellaneous	Various funds established for educational and community benefits	270	283
Rhondda Cynon Taf Charity for the Visually Impaired	Fund established for the benefit of visually impaired citizens	14	14
Welsh Church Act Fund	Fund established under the Welsh Church Act for various charitable aims within the counties of Rhondda Cynon Taf, Merthyr Tydfil and Bridgend	13,184	13,993

### **37.0 Pooled Budgets**

The Council has entered into a pooled budget with Cwm Taf Morgannwg University Health Board, Merthyr Tydfil CBC and Bridgend CBC for the provision of care home accommodation. The Council and its partners have an agreement in place for funding these services, with the Council contributing funds to an agreed budget equal to 44% in 2023/24 (48% in 2022/23). The same proportion is used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year. The pooled budget is hosted by the Council on behalf of the other partners to the agreement.

	2022/23		2023/24	
	£'000	£'000	£'000	£'000
<b>Funding Provided to the pooled budget:</b>				
Rhondda Cynon Taff	(29,081)		(30,825)	
Other Partners	(31,397)		(39,160)	
Balance c/f	(13)		(60)	
Other Income Received	(53)		(197)	
		<b>(60,544)</b>		<b>(70,242)</b>
<b>Expenditure Met from the pooled budget:</b>				
Total Expenditure	60,484		69,991	
		<b>60,484</b>		<b>69,991</b>
<b>Net (Surplus)/Deficit arising on the pooled budget during the year</b>		<b>(60)</b>		<b>(251)</b>
<b>Rhondda Cynon Taf share of net (Surplus)/Deficit arising on the pooled budget</b>		<b>(29)</b>		<b>(110)</b>

The 2023/24 figures are draft, subject to audit by Audit Wales.



## Group Accounts

### 1. Introduction

To reflect the nature of service provision in the public sector, all local authorities are required to prepare a full set of group financial statements, in addition to their single entity accounts, where they hold material interests in subsidiaries, associates or joint ventures.

The Group Accounts Statements comprise:

- Statement of Group Accounting Policies.
- Group Movement in Reserves Statement.
- Group Comprehensive Income and Expenditure Statement.
- Group Balance Sheet.
- Group Cash Flow Statement.

### 2. Bodies Consolidated

Following a review of the Council's activities, the following have been identified as group companies and have been consolidated into the group financial statements:

- **Amgen Cymru Ltd.** - This company was set up by the former Cynon Valley Borough Council as an arm's-length company under the 1990 Environment Act. It is registered as "Cynon Valley Waste Disposal Company Limited" but trades as "Amgen Cymru Ltd.". The principal activities of the company are the provision of recycling services and waste disposal facilities. The Council has a 100% interest in the company of £2.8m. The company is a subsidiary of the Council.
- **Amgen Rhondda Ltd.** - This company was set up during September 1999 as a wholly owned subsidiary of Amgen Cymru Ltd. The principal activity of the company continues to be that of the stewardship of a closed landfill site and associated opportunities for income recognition. In April 2005 the company entered into a formal stewardship agreement with Rhondda Cynon Taf CBC, which provides for the remediation and long-term stewardship of the facility in conjunction with the shareholder.

Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda Ltd., and is therefore classed as a subsidiary.

The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd.

The individual financial statements of Cynon Valley Waste Disposal Company and Amgen Rhondda Ltd. have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102 (FRS102).

## **Statement of Group Accounting Policies**

The group financial statements have been prepared in accordance with the accounting policies adopted for the single entity accounts, with the exception of the following items:

### **1. Long-Term Assets (Subsidiary Companies)**

Certain Long-Term Assets of Amgen Cymru Ltd. and Amgen Rhondda Ltd. are valued in the company Balance Sheets at depreciated historical cost. This accounting policy is not consistent with that used by the Council. However, as the land and buildings are specialist assets used in the running of a waste disposal facility, and in the case of landfill cells a distinct class of asset not currently held by the Council, they have been consolidated into the Group Balance Sheet on this basis.

### **2. Basis of Charges for use of Long-Term Assets**

Depreciation is charged to services on a straight-line basis and included within the Cost of Services in the Group Comprehensive Income and Expenditure Statement.

### **3. Basis of Consolidation**

It is a requirement that Group Accounts are prepared using consistent accounting policies, which can differ between company and local authority accounts. The main differences between these accounts are:

- Long-term asset valuations. These should be based on the measurement principles given in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards, which generally means assets are carried at a current valuation.
- Criteria for assessing cash equivalents: Short term lending of surplus balances investments are treated as cash at bank in the company accounts but as Short Term Investments in the local authority accounts

The accounts of Amgen Cymru and Amgen Rhondda have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value.

Subsidiary companies are consolidated into the group statements using the acquisition method. Based on materiality, the associate company, WSP Glamorgan Consultancy Ltd., is not consolidated.

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

This statement shows the movement in the year on the different reserves held by the Group, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and “unusable reserves”. The (Surplus) or Deficit on the Provision of Services line shows the economic cost of providing the Group’s services on an International Financial Reporting Standards basis, more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting. The Net (Increase) or Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Group Movement in Reserves Statement for the year ending 31<sup>st</sup> March 2023

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 <sup>st</sup> April 2022	10,292	85,937	112,422	20,561	5,669	37,975	169	273,025	227,766	500,791	1,464	502,255
Movement in reserves during 2022/23												
Total comprehensive income and expenditure	(13,640)	0	4,137	0	0	0	0	(9,503)	568,879	559,376	9,818	569,194
Adjustments between Group Accounts and Authority Accounts:	9,156	0	0	0	0	0	0	9,156	0	9,156	(9,156)	0
Net Increase or decrease before transfers	(4,484)	0	4,137	0	0	0	0	(347)	568,879	568,532	662	569,194
Adjustments between accounting basis and funding under regulations:												
Adjustments primarily involving the Capital Adjustment Account:												
Reversal of items debited / credited to CI&ES:												
Charges for depreciation and impairment of long-term assets	38,702	0	0	0	0	0	0	38,702	(38,702)	0	0	0
Continued Overleaf...												

Revaluation losses on property, plant & equipment	15,574	0	0	0	0	0	0	15,574	(15,574)	0	0	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,256	0	0	0	0	0	0	2,256	(2,256)	0	0	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	14,843	0	0	0	0	0	0	14,843	(14,843)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited / credited to CI&amp;ES:</b>												
Statutory provision for the financing of capital investment	(15,115)	0	0	0	0	0	0	(15,115)	15,115	0	0	0
Capital expenditure charged against the Council Fund Balances	(26,386)	0	0	0	0	0	0	(26,386)	26,386	0	0	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>												
Capital grants and contributions unapplied credited to CI&ES	(87,736)	0	0	0	0	87,736	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(92,170)	0	(92,170)	92,170	0	0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	(3,960)	0	0	0	5,036	0	0	1,076	(1,076)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(934)	0	0	(934)	934	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of	0	0	0	0	12	0	0	12	(12)	0	0	0

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<b>Adjustments involving the Financial Instruments Adjustment Account:</b>												
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(94)	0	0	0	0	0	0	(94)	94	0	0	0
<b>Adjustments involving the Pensions Reserve:</b>												
Reversal of items relating to retirement benefits debited or credited to the CI&ES	101,190	0	504	0	0	0	0	101,694	(101,694)	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(42,260)	0	(75)	0	0	0	0	(42,335)	42,335	0	0	0
<b>Adjustment involving the Unequal Pay Back Pay Adjustment Account:</b>												
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0
<b>Adjustment involving the Accumulated Absences Account:</b>												
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,661	0	1	0	0	0	0	2,662	(2,664)	(2)	(3)	(5)
Continued Overleaf...												

<b>Other adjustments include:</b>												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	15	15	(15)	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(4,809)	0	4,567	0	4,114	(4,434)	0	(562)	569,107	568,545	644	569,189
<b>Transfers to or from Earmarked Reserves</b>	4,757	19,188	(22,640)	(5,313)	875	0	68	(3,065)	3,065	0	0	0
<b>Increase or (decrease) in the year</b>	(52)	19,188	(18,073)	(5,313)	4,989	(4,434)	68	(3,627)	572,172	568,545	644	569,189
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>10,240</b>	<b>105,125</b>	<b>94,349</b>	<b>15,248</b>	<b>10,658</b>	<b>33,541</b>	<b>237</b>	<b>269,398</b>	<b>799,938</b>	<b>1,069,336</b>	<b>2,108</b>	<b>1,071,444</b>

**Group Movement in Reserves Statement for the year ending 31<sup>st</sup> March 2024**

	Council Fund Balance	Earmarked Reserves: Capital, Treasury & Insurance	Earmarked Reserves: Other Revenue Related	Delegated Schools Reserve	Usable Capital Receipts Reserve	Capital Grants Unapplied	MGCC Insurance Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves of the Council	Council's share of Reserves of Subsidiaries, Associates & Joint Ventures	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2023</b>	10,240	105,125	94,349	15,248	10,658	33,541	237	<b>269,398</b>	799,938	<b>1,069,336</b>	2,108	<b>1,071,444</b>
<b>Movement in reserves during 2023/24</b>												
Total comprehensive income and expenditure	50,228	0	(27)	0	0	0	0	<b>50,201</b>	166,696	<b>216,897</b>	7,540	<b>224,437</b>
<b>Adjustments between Group Accounts and Authority Accounts:</b>	7,665	0	0	0	0	0	0	<b>7,665</b>	0	<b>7,665</b>	(7,665)	<b>0</b>
<b>Net Increase or decrease before transfers</b>	57,893	0	(27)	0	0	0	0	<b>57,866</b>	166,696	<b>224,562</b>	(125)	<b>224,437</b>
<b>Adjustments between accounting basis and funding under regulations:</b>												
<b>Adjustments primarily involving the Capital Adjustment Account:</b>												
<b>Reversal of items debited / credited to CI&amp;ES:</b>												
Charges for depreciation and impairment of long-term assets	37,719	0	0	0	0	0	0	<b>37,719</b>	(37,719)	<b>0</b>	0	<b>0</b>
<b>Continued Overleaf...</b>												



Revaluation losses on property, plant & equipment	27,888	0	0	0	0	0	0	27,888	(27,888)	0	0	0
Movement in the fair value of Investment Properties	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants and Contributions applied	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation of intangible assets	2,283	0	0	0	0	0	0	2,283	(2,283)	0	0	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	15,929	0	0	0	0	0	0	15,929	(15,929)	0	0	0
Amounts of long-term assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	0	0	0	0	0	0	0	0	0	0	0	0
<b>Insertion of items not debited / credited to CI&amp;ES:</b>												
Statutory provision for the financing of capital investment	(15,482)	0	0	0	0	0	0	(15,482)	15,482	0	0	0
Capital expenditure charged against the Council Fund Balances	(28,472)	0	0	0	0	0	0	(28,472)	28,472	0	0	0
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>												
Capital grants and contributions unapplied credited to CI&ES	(108,005)	0	64	0	0	108,004	0	63	(63)	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	(114,683)	0	(114,683)	114,683	0	0	0
<b>Adjustments involving the Capital Receipts Reserve:</b>												
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CI&ES	217	0	0	0	1,398	0	0	1,615	(1,615)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(165)	0	0	(165)	165	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0	0	0	0
Continued Overleaf...												

<b>Adjustments involving the Financial Instruments Adjustment Account:</b>												
Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements	(97)	0	(1)	0	0	0	0	(98)	98	0	0	0
<b>Adjustments involving the Pensions Reserve:</b>												
Reversal of items relating to retirement benefits debited or credited to the CI&ES	45,680	0	178	0	0	0	0	45,858	(45,858)	0	0	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(40,590)	0	(94)	0	0	0	0	(40,684)	40,684	0	0	0
<b>Adjustment involving the Unequal Pay Back Pay Adjustment Account:</b>												
Amount by which amounts charged for equal pay claims to the CI&ES are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0	0	0	0	0	0	0
<b>Adjustment involving the Accumulated Absences Account:</b>												
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4,024)	0	(8)	0	0	0	0	(4,032)	4,032	0	0	0
Continued Overleaf...												

<b>Other adjustments include:</b>												
Adjustment between the Capital Adjustment Account and the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of long-term asset revaluation gains	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net increase or (decrease) before transfers to Earmarked Reserves</b>	(9,061)	0	112	0	1,233	(6,679)	0	(14,395)	238,957	224,562	(125)	224,437
<b>Transfers to or from Earmarked Reserves</b>	9,061	14,407	(15,966)	(7,428)	0	0	(74)	0	0	0	0	0
<b>Increase or (decrease) in the year</b>	0	14,407	(15,854)	(7,428)	1,233	(6,679)	(74)	(14,395)	238,957	224,562	(125)	224,437
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>10,240</b>	<b>119,532</b>	<b>78,495</b>	<b>7,820</b>	<b>11,891</b>	<b>26,862</b>	<b>163</b>	<b>255,003</b>	<b>1,038,895</b>	<b>1,293,898</b>	<b>1,983</b>	<b>1,295,881</b>

**Group Comprehensive Income and Expenditure Statement for the year ended  
31<sup>st</sup> March 2024**

This Statement shows the accounting cost in the year of providing services by the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Group Movement in Reserves Statement.

### Group Comprehensive Income and Expenditure Statement for the year ended 31<sup>st</sup> March 2024

2022/23				Note:	2023/24		
Gross Exp	Gross Income	Net Exp			Gross Exp	Gross Income	Net Exp
£'000	£'000	£'000			£'000	£'000	£'000
131,132	(30,347)	100,785	Finance, Digital & Frontline Services	G 1.0	127,104	(21,267)	105,837
62,520	(9,488)	53,032	Chief Executive		64,363	(12,171)	52,192
304,109	(66,459)	237,650	Education & Inclusion Services		311,997	(75,361)	236,636
314,606	(116,097)	198,509	Community & Children's Services		311,960	(117,725)	194,235
84,654	(58,532)	26,122	Authority Wide Budgets		87,945	(62,642)	25,303
5,265	(5,152)	113	Joint Committees		1,833	(1,773)	60
<b>902,286</b>	<b>(286,075)</b>	<b>616,211</b>	<b>Cost of Services</b>		<b>905,202</b>	<b>(290,939)</b>	<b>614,263</b>
			<b>Other Operating Expenditure</b>				
25,852	0	25,852	Precepts		27,909	0	27,909
13,326	0	13,326	Levies		14,933	0	14,933
0	(3,960)	(3,960)	(Gains) or Losses on Disposal of Non-Current Assets		218	0	218
			<b>Financing and Investment Income and Expenditure</b>				
11,209	0	11,209	Interest Payable and Similar Charges		11,228	0	11,228
15,770	(7)	15,763	Net Interest on Net Defined Liability (Asset)		5,100	(77)	5,023
0	(1,733)	(1,733)	Interest Receivable and Similar Income		0	(1,743)	(1,743)
380	(324)	56	Income, Expenditure and Changes in the Fair Value of Investment Properties		0	(324)	(324)
			<b>Taxation and Non-Specific Grant Income</b>				
0	(148,917)	(148,917)	Council Tax Income		0	(157,467)	(157,467)
0	(85,619)	(85,619)	NDR Distribution		0	(77,189)	(77,189)
0	(359,489)	(359,489)	Non-Ringfenced Government Grants		0	(397,788)	(397,788)
0	(81,770)	(81,770)	Capital Grants and Contributions		0	(96,438)	(96,438)
0	(25)	(25)	Corporation Tax - Joint Committees		0	32	32
<b>968,823</b>	<b>(967,919)</b>	<b>904</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>964,590</b>	<b>(1,021,933)</b>	<b>(57,343)</b>
			<b>Tax Expenses</b>				
256	(51)	205	Taxation of Group Entities		194	0	194
<b>969,079</b>	<b>(967,970)</b>	<b>1,109</b>	<b>(Surplus) or Deficit</b>		<b>964,784</b>	<b>(1,021,933)</b>	<b>(57,149)</b>
7,907	(39,564)	(31,657)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets		7,422	(50,054)	(42,632)
0	(538,646)	(538,646)	Remeasurement of the Net Defined Benefit Liability		0	(124,656)	(124,656)
<b>7,907</b>	<b>(578,210)</b>	<b>(570,303)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>7,422</b>	<b>(174,710)</b>	<b>(167,288)</b>
<b>976,986</b>	<b>(1,546,180)</b>	<b>(569,194)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>972,206</b>	<b>(1,196,643)</b>	<b>(224,437)</b>

### **Group Balance Sheet as at 31<sup>st</sup> March 2024**

The Group Balance Sheet summarises the financial position of the Council and its subsidiaries and associates as a whole. It shows the value of the Group assets and liabilities at the end of the financial year.

Group Balance Sheet as at 31<sup>st</sup> March 2024

31/03/23				31/03/24	
£'000			Note:	£'000	£'000
	<b>Long-Term Assets</b>	Property, Plant & Equipment:	G 2.0		
823,024		Other Land & Buildings		886,901	
551,824		Infrastructure		589,657	
23,324		Vehicles, Plant & Equipment		19,854	
645		Landfill Cells		588	
5,055		Community Assets		4,831	
37,150		Assets Under Construction		61,558	
145		Heritage Assets		145	
13,009		Investment Properties		13,009	
1,599		Defined Benefit Pension Scheme Asset		1,349	
4,516		Long-Term Intangible Assets		5,553	
3,492		Long-Term Investments		5,079	
3,295		Long-Term Debtors		3,124	
<b>1,467,078</b>		<b>TOTAL LONG-TERM ASSETS</b>			<b>1,591,648</b>
162,071	<b>Current Assets</b>	Short-Term Investments		66,405	
664		Assets Held for Sale		2,256	
1,380		Inventories		1,239	
120,141		Short-Term Debtors	G 12.0	122,549	
0		Cash and Cash Equivalents		2,168	
<b>284,256</b>		<b>TOTAL CURRENT ASSETS</b>			<b>194,617</b>
(8,644)	<b>Current Liabilities</b>	Cash and Cash Equivalents		0	
(13,604)		Short-Term Borrowing		(13,585)	
(1,457)		Short-Term Provisions	G 14.0	(1,501)	
(135,335)		Short-Term Creditors	G 13.0	(169,218)	
<b>(159,040)</b>		<b>TOTAL CURRENT LIABILITIES</b>			<b>(184,304)</b>
(45,209)	<b>Long-Term Liabilities</b>	Long-Term Creditors	G 13.0	(8,041)	
(12,188)		Long-Term Provisions	G 14.0	(15,930)	
(333,709)		Long-Term Borrowing		(272,057)	
(129,621)		Other Long-Term Liabilities		(9,929)	
(123)		Long-Term Donated Assets Account		(123)	
<b>(520,850)</b>		<b>TOTAL LONG-TERM LIABILITIES</b>			<b>(306,080)</b>
<b>1,071,444</b>	<b>NET ASSETS</b>				<b>1,295,881</b>
Continued Overleaf...					

10,240	<b>Usable Reserves</b>	Council Fund Balance		10,240	
		Earmarked Reserves:			
105,125		Capital and Investment / Infrastructure		119,532	
94,349		Other Revenue Related Reserves		78,495	
15,248		Delegated Schools Reserve		7,820	
10,658		Usable Capital Receipts Reserve		11,891	
33,541		Capital Grant Unapplied Account		26,862	
237		MGCC Insurance Reserve		163	
<b>269,398</b>		<b>TOTAL USABLE RESERVES</b>			<b>255,003</b>
272,887	<b>Unusable Reserves</b>	Revaluation Reserve		306,167	
668,614		Capital Adjustment Account	G 5.0	751,172	
(5,214)		Financial Instruments Adjustment Account		(5,116)	
(126,951)		Pensions Reserve		(7,961)	
(9,398)		Short-Term Accumulating Compensated Absence Account		(5,367)	
2,108		Group Companies Reserve	G 3.0	1,983	
<b>802,046</b>		<b>TOTAL UNUSABLE RESERVES</b>			<b>1,040,878</b>
<b>1,071,444</b>	<b>TOTAL RESERVES</b>				<b>1,295,881</b>



**Group Cash Flow Statement 2023/24**

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiaries and associates during the year.

<b>2022/23</b>			<b>2023/24</b>	
<b>£'000</b>		<b>Note:</b>	<b>£'000</b>	<b>£'000</b>
1,109	Net (Surplus) or Deficit on the Provision of Services		(57,149)	
(196,727)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	G 6.0	(68,168)	
87,693	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	G 7.0	97,835	
<b>(107,925)</b>	<b>Net Cash Flows from Operating Activities</b>			<b>(27,482)</b>
74,174	Investing Activities	G 9.0	(23,351)	
15,956	Financing Activities	G 10.0	61,645	38,294
<b>(17,796)</b>	<b>Net Increase or Decrease in Cash or Cash Equivalents</b>			<b>10,812</b>
9,152	Cash and Cash Equivalents at the Beginning of the Reporting Period			(8,644)
<b>(8,644)</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>			<b>2,168</b>

## Notes to the Group Accounts

These notes should be read in conjunction with the notes to the Council's Core Financial Statements. Unless specifically identified below, the information provided for the single entity accounts also applies to the Group Statements.

### G.1.0 Segmental Analysis (Subsidiary Companies)

The operating income and expenditure of Amgen Cymru Ltd. and Amgen Rhondda Ltd. has been included within Finance, Digital & Frontline Services.

A Group Expenditure and Funding Analysis Statement, and its associated notes, has not been included in the Group Statements due to materiality.

### G 2.0 Long-Term Assets

#### G 2.1 Property, Plant and Equipment

##### Movements in 2022/23

	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 <sup>st</sup> April 2022	813,505	56,279	982	6,312	15,704	<b>892,782</b>
Joint Committees Opening Balance	0	658	0	0	128	<b>786</b>
Additions	30,168	7,510	0	150	36,749	<b>74,577</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	21,808	0	0	0	0	<b>21,808</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(15,434)	0	0	0	0	<b>(15,434)</b>
Derecognition – Disposals	(981)	(4,232)	0	0	0	<b>(5,213)</b>
Derecognition - Other	0	(9,972)	0	0	(128)	<b>(10,100)</b>
Assets Reclassified (to)/from Held for Sale	262	0	0	0	0	<b>262</b>
Other Reclassifications	13,871	(203)	0	(106)	(15,303)	<b>(1,741)</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>863,199</b>	<b>50,040</b>	<b>982</b>	<b>6,356</b>	<b>37,150</b>	<b>957,727</b>

*Continued Overleaf...*

<b>Accumulated Depreciation and Impairment</b>						
At 1 <sup>st</sup> April 2022	(36,932)	(33,052)	(247)	(1,301)	0	<b>(71,532)</b>
Joint Committees						
Opening Balance	0	(94)	0	0	0	<b>(94)</b>
Depreciation Charge	(19,819)	(6,082)	(90)	0	0	<b>(25,991)</b>
Depreciation Written Out of the Revaluation Reserve	13,580	0	0	0	0	<b>13,580</b>
Depreciation Written out to the Surplus/Deficit on the Provision of Services	4,282	0	0	0	0	<b>4,282</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(3,706)	0	0	0	0	<b>(3,706)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	2,360	(1,682)	0	0	0	<b>678</b>
Derecognition – Disposals	60	4,223	0	0	0	<b>4,283</b>
Derecognition - Other Assets Reclassified (to)/from Held for Sale	0	9,971	0	0	0	<b>9,971</b>
Other Reclassifications	0	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>(40,175)</b>	<b>(26,716)</b>	<b>(337)</b>	<b>(1,301)</b>	<b>0</b>	<b>(68,529)</b>
<b>Net Book Value:</b>						
<b>At 31<sup>st</sup> March 2023</b>	<b>823,024</b>	<b>23,324</b>	<b>645</b>	<b>5,055</b>	<b>37,150</b>	<b>889,198</b>
<b>At 31<sup>st</sup> March 2022</b>	<b>776,573</b>	<b>23,791</b>	<b>735</b>	<b>5,011</b>	<b>15,832</b>	<b>821,942</b>

**Movements in 2023/24**

	Other Land & Buildings	Vehicles, Plant & Equipment	Landfill Cells	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 <sup>st</sup> April 2023	863,199	49,144	982	6,356	36,924	<b>956,605</b>
Joint Committees						
Opening Balance	0	896	0	0	226	<b>1,122</b>
Additions	45,945	4,557	0	136	45,430	<b>96,068</b>
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	26,821	0	0	0	0	<b>26,821</b>
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(27,574)	0	0	(314)	0	<b>(27,888)</b>
Derecognition – Disposals	(1,418)	(2,053)	0	0	0	<b>(3,471)</b>
Derecognition - Other	0	(2,283)	0	0	0	<b>(2,283)</b>
Assets Reclassified (to)/from Held for Sale	(1,921)	0	0	0	0	<b>(1,921)</b>
Other Reclassifications	20,187	0	0	0	(21,022)	<b>(835)</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2024</b>	<b>925,239</b>	<b>50,261</b>	<b>982</b>	<b>6,178</b>	<b>61,558</b>	<b>1,044,218</b>
<i>Continued Overleaf...</i>						

<b>Accumulated Depreciation and Impairment</b>						
At 1 <sup>st</sup> April 2023	(40,175)	(26,522)	(337)	(1,301)	0	<b>(68,335)</b>
Joint Committees						
Opening Balance	0	(194)	0	0	0	<b>(194)</b>
Depreciation Charge	(21,784)	(5,744)	(57)	0	0	<b>(27,585)</b>
Depreciation Written Out of the Revaluation Reserve	15,775	0	0	0	0	<b>15,775</b>
Depreciation Written out to the Surplus/Deficit on the Provision of Services	3,691	0	0	0	0	<b>3,691</b>
Impairment (Losses)/Reversals Recognised in the Revaluation Reserve	(613)	0	0	0	0	<b>(613)</b>
Impairment (Losses)/Reversals Recognised in the Surplus/Deficit on the Provision of Services	4,670	(2,283)	0	(46)	0	<b>2,341</b>
Derecognition – Disposals	98	2,053	0	0	0	<b>2,151</b>
Derecognition - Other	0	2,283	0	0	0	<b>2,283</b>
Assets Reclassified (to)/from Held for Sale	0	0	0	0	0	<b>0</b>
Other Reclassifications	0	0	0	0	0	<b>0</b>
Other Movements in Cost or Valuation	0	0	0	0	0	<b>0</b>
<b>At 31<sup>st</sup> March 2024</b>	<b>(38,338)</b>	<b>(30,407)</b>	<b>(394)</b>	<b>(1,347)</b>	<b>0</b>	<b>(70,486)</b>
<b>Net Book Value:</b>						
<b>At 31<sup>st</sup> March 2024</b>	<b>886,901</b>	<b>19,854</b>	<b>588</b>	<b>4,831</b>	<b>61,558</b>	<b>973,732</b>
<b>At 31<sup>st</sup> March 2023</b>	<b>823,024</b>	<b>23,324</b>	<b>645</b>	<b>5,055</b>	<b>37,150</b>	<b>889,198</b>

## G 2.2 Valuation of Long-Term Assets

Assets are valued according to asset type. The following table shows the type of operational assets held, the basis of valuation and the date of last valuation.

<b>Asset Type</b>	<b>Date of Last Valuation</b>	<b>Basis of Valuation</b>
Other Land & Buildings	Rolling Programme	EUV/DRC
Specialist Building	Rolling Programme	DRC
Vehicles, Plant & Equip	N/A	DHC
Infrastructure	N/A	DHC
Community Assets	N/A	DHC
Landfill Cells	N/A	DHC

EUV - Existing Use Value

DHC - Depreciated Historic Cost

DRC - Depreciated Replacement Costs

**G 3.0 Group Companies Reserve**

Movements in the Group Companies Reserve are summarised as follows:

	<b>Amgen Cymru</b>	<b>Amgen Rhondda</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>4,846</b>	<b>(2,738)</b>	<b>2,108</b>
Increase/(Decrease) 2023/24	(107)	(18)	(125)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>4,739</b>	<b>(2,756)</b>	<b>1,983</b>

**G 4.0 Subsidiary Companies Statutory Accounts**

A summary of the statutory accounts for the Amgen Group is given in the following table. These accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities.

	<b>Amgen Cymru</b>		<b>Amgen Rhondda</b>	
	<b>March 2023</b>	<b>March 2024</b>	<b>March 2023</b>	<b>March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Shareholding	2,806	2,806	239	221
Net Current Assets	4,014	3,684	220	205
Total Assets less Current Liabilities	22,614	20,883	239	221
Net Assets	8,111	7,887	239	221
(Loss)/Profit Before Tax	(560)	(524)	12	(35)
(Loss)/Profit After Tax	(508)	(665)	12	(35)
Registration No.	02660628		03687641	
Registered Office/Location of Accounts	Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX		Bryn Pica Landfill Site Llwydcoed Aberdare CF44 0BX	
Auditors	Azets Audit Services		Azets Audit Services	
Audit Opinion	True and Fair		True and Fair	

The Accounts will be presented at the companies' Annual General Meeting.

**G 5.0 Consolidation Adjustments****G 5.1 Capital Adjustment Account**

	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>668,614</b>
Gains/(Losses) during the year	82,558
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>751,172</b>

In the Council's accounts the value of the shareholding in Amgen Rhondda Ltd. is written down to the value of the net assets of the company. To allow consolidation of the accounts the value of shareholding must be reinstated, which results in a credit to the Capital Adjustment Account of £2,756k.

**G 6.0 Cash Flow Statement – Adjusting to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(55,815)	Depreciation and Impairment	(67,146)
(2,256)	Amortisation	(2,283)
(28,832)	(Increase)/Decrease in Creditors	(303)
(28,443)	Increase/(Decrease) in Debtors	1,962
(63)	Increase/(Decrease) in Stock	(141)
(60,637)	Movement in Pension Liability	(5,142)
436	Contribution to Provisions	(4,286)
(2,663)	Short-Term Accumulated Absence Accrual	4,031
(1,076)	Carrying amount of Long-Term Assets and Assets Held For Sale, sold or derecognised	(1,615)
(17,378)	Other non-cash items charged to the Net (Surplus) or Deficit on the Provision of Services	6,755
<b>(196,727)</b>	<b>Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements</b>	<b>(68,168)</b>

**G 7.0 Cash Flow Statement – Adjust for Items Included in the Net (Surplus) or Deficit on the Provision on Services that are Investing and Financing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
5,923	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,397
81,770	Any Other Items for which the Cash Effects are Investing or Financing Cash Flows	96,438
<b>87,693</b>		<b>97,835</b>

**G 8.0 Cash Flow Statement – Interest within Operating Activities**

The cash flows for operating activities include the following items:

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(2,057)	Interest received	(2,067)
11,209	Interest paid	11,228
<b>9,152</b>	<b>Interest within Operating Activities</b>	<b>9,161</b>

**G 9.0 Cash Flow Statement – Investing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
132,689	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	170,195
29,178	Purchase and Redemption of Short-Term and Long-Term Investments	(95,648)
(5,923)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,397)
(81,770)	Other receipts from Investing Activities	(96,501)
<b>74,174</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(23,351)</b>

**G 10.0 Cash Flow Statement – Financing Activities**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(11)	Cash Receipts of Short-Term and Long-Term Borrowing	0
1	Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	1
15,966	Repayments of Short-Term and Long-Term Borrowing	61,644
<b>15,956</b>	<b>Net Cash Flows from Financing Activities</b>	<b>61,645</b>

**G 11.0 Adjustments between Group Accounts and Council Accounts in the Group Movements in Reserve Statement**

The adjustments between Group Accounts and the Council's Accounts in the Group Movements in Reserves Statement relate to sales and purchases between the Council and subsidiaries.

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(176)	Amgen Rhondda supplies to the Council	(177)
(9,566)	Amgen Cymru supplies to the Council	(8,774)
586	Council supplies to Amgen Cymru	1,286
<b>(9,156)</b>	<b>Net Expenditure</b>	<b>(7,665)</b>



**G 12.0 Debtors**

An analysis of Short-Term Debtors in the Group Balance Sheet is as follows:

<b>2022/23 (Restated)*</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
71,288	Central Government Bodies	63,917
11,462	Other Local Authorities	13,714
5,268	NHS Bodies	9,731
1,961	Public Corporations and Trading Funds	1,370
30,162	Other Entities and Individuals	33,817
<b>120,141</b>	<b>Total</b>	<b>122,549</b>

\* Restated due to a misclassification in the single entity accounts – NHS Bodies were overstated by £16m and Central Government Bodies understated by the same amount.

**G 13.0 Creditors**

An analysis of Short-Term and Long-Term Creditors in the Group Balance Sheet is as follows:

**Short-Term Creditors**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(11,566)	Central Government Bodies	(45,790)
(45,606)	Other Local Authorities	(43,979)
(8,867)	NHS Bodies	(4,270)
(766)	Public Corporations and Trading Funds	(5,239)
(68,530)	Other Entities and Individuals	(69,940)
<b>(135,335)</b>	<b>Total</b>	<b>(169,218)</b>

**Long-Term Creditors**

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(35,594)	Central Government Bodies	(6,071)
(2,106)	Public Corporations and Trading Funds	(1,890)
(7,509)	Other Entities and Individuals	(80)
<b>(45,209)</b>	<b>Total</b>	<b>(8,041)</b>

**G 14.0 Provisions**

Provisions are amounts set-aside for specific future costs, which are likely to be incurred, but the amount or timing of which cannot be determined accurately. Provisions for bad debts are shown as a deduction from debtors.

Movements in provisions during the year were:

Short-Term Provision	Land Purchases and Part 1 Claims	Insurance Claims	Total
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2023</b>	<b>(510)</b>	<b>(947)</b>	<b>(1,457)</b>
Additional provisions made in 2023/24	0	(914)	(914)
Amounts used in 2023/24	33	837	870
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(477)</b>	<b>(1,024)</b>	<b>(1,501)</b>

Long-Term Provision	Insurance Claims	Joint Committees	Amgen Cymru – Landfill Aftercare	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2023</b>	<b>(2,581)</b>	<b>(438)</b>	<b>(9,169)</b>	<b>(12,188)</b>
Additional provisions made in 2023/24	(1,143)	(4,424)	0	(5,567)
Amounts used in 2023/24	981	0	250	1,231
Unused amounts reversed in 2023/24	594	0	0	594
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(2,149)</b>	<b>(4,862)</b>	<b>(8,919)</b>	<b>(15,930)</b>

**G 15.0 Amgen Cymru – Landfill Aftercare**

The Company is required by the shareholders agreement to provide for future aftercare cost such as landfill capping and restoration. The aftercare provision at the balance sheet date falls within a range which is considered to be the best estimate at this time of the company's exposure to future aftercare costs.

## RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

### ANNUAL GOVERNANCE STATEMENT 2023/24

#### 1. **INTRODUCTION**

- 1.1 The Council's Corporate Plan 2020 - 2024 'Making a Difference' sets the overall direction for the Authority over a period of 4 years describing the vision, purpose and priorities to be delivered.
- 1.2 The Council's agreed vision, purpose and priorities are:
- Vision – ***To be the best place in Wales to live, work and play, where people and businesses are independent, healthy and prosperous.***
  - Purpose - ***To provide strong community leadership and create the environment for people and businesses to be independent, healthy and prosperous.***
  - Priorities:
    - Ensuring **People:** are independent, healthy and successful:
    - Creating **Places:** where people are proud to live, work and play: and
    - Enabling **Prosperity:** creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.
- 1.3 Underpinning the above priorities are the cross-cutting themes of '***Live within our means***' and '***Efficient and effective Council***' – both of which focus on robust financial planning and management arrangements to ensure the Council maintains its financial stability, is financially resilient and makes the best use of scarce resources.
- 1.4 This Annual Governance Statement (AGS) sets out for the community, service users, tax-payers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan priorities.

#### 2. **SCOPE OF RESPONSIBILITY**

- 2.1 Rhondda Cynon Taf County Borough Council (RCT) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.
- 2.3 The Council, in compiling the Annual Governance Statement, has adopted the *Delivering Good Governance in Local Government: Framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace) and undertaken an assessment in line with the requirements set out in the CIPFA Financial Management Code 2019. In doing so, the AGS meets the Council's legal duty, as set out in the Accounts and Audit (Wales) Regulations 2018, '*to conduct a review at least once a year of the effectiveness of its*

*system of internal control and include a statement reporting on the review within any published Statement of Accounts’.*

- 2.4 The Council’s aims to provide an accurate representation of the governance arrangements in place for financial year ending 31<sup>st</sup> March 2024.

### 3. **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 3.1 The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 For RCT governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.3 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.4 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 3.5 The governance framework outlined below has been in place at RCT for the year ended 31<sup>st</sup> March 2024 (and up to the date of approval of the 2023/24 Statement of Accounts).

### 4. **THE GOVERNANCE FRAMEWORK AND REVIEW ARRANGEMENTS**

- 4.1 The Council has put in place a Local Code of Corporate Governance, in line with the seven principles set out in *The Delivering Good Governance in Local Government Framework (2016)*, to support its arrangements for ensuring sound governance.
- 4.2 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. Section 5 sets out an Executive Summary of the findings and proposals for improvement arising from the 2023/24 assessment and Section 6 provides more detailed information, called Review of Effectiveness, for the 2023/24 financial year against the Local Code of Corporate Governance.

## 5. **EXECUTIVE SUMMARY**

- 5.1 RCT is responsible for putting in place proper arrangements for the governance of its affairs and to review these arrangements at least annually. The Council discharges this responsibility by having in place a Local Code of Corporate Governance and undertakes an annual assessment against this Code in the form of an Annual Governance Statement. Both the Code and AGS have been compiled in line with Delivering Good Governance in Local Government: Framework (2016) developed by CIPFA.
- 5.2. The Review of Effectiveness of the Council's governance arrangements are set out in detail in Section 6 and conclude overall (paragraph 6.12):

*Based on the review of effectiveness against the Local Code of Corporate Governance, the governance arrangements in place provided the basis to maintain the Council's financial stability and resilience, during a period of significant financial pressures and constrained funding, through robust planning, prioritisation and management of scarce resources. This position was underpinned by sound scrutiny and decision-making processes and well established self-assessment arrangements, and supported the delivery of Corporate Plan priority areas and wider services. A small number of proposals for improvement have been made to further strengthen existing processes.*

- 5.3 A summary of the review process conclusions, across the 7 principles set out in the 2016 Framework, is included in Table 1.

**Table 1 - Summary of the Review of Effectiveness**

<b>Core Principles</b>	<b>Overall Assessment Conclusion</b>	<b>Proposals for Improvement Set Out In The AGS</b>
A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	The Council has sound and transparent arrangements in operation, in line with its Constitution and other established processes, to promote and publicly demonstrate high standards of behaviour of its elected Members and Officers, and to take action where instances of non-compliance are identified.	No
B - Ensuring openness and comprehensive stakeholder engagement	The Council has clear channels to enable engagement with stakeholders and partners to inform service planning and delivery, with arrangements being in line with the law and demonstrate a commitment to openness in the delivery of its activities.	No

Supporting Principles	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>The Council had a well-established Performance Management Framework in place that used evidenced based assessments to determine outcomes, in line with Corporate Plan priorities and are aligned to the Cwm-Taf Morgannwg Well-Being Plan. In-year monitoring arrangements provide holistic overviews of the Council's performance.</p> <p><u>Area for Improvement</u> Further to approval of the Council's new Corporate Plan, 'Working With Our Communities 2024 – 2030', there is a need to review the Performance Management Framework in place to ensure it continues to be fit for purpose.</p>	Review, and where required, update the Council's Performance Management Framework taking account of the Council's new Corporate Plan. The review should also continue to focus on demonstrating the impact and outcomes of the Council's work, taking account of service user information (as set out within the Audit Wales report to the Council - Performance information: Service User Perspective and Outcomes).
D - Determining the interventions necessary to optimise the achievement of the intended outcomes	Appropriate decision-making arrangements were in place during the year to review, scrutinise and determine interventions needed to deliver Corporate and Service priorities. These were integrated with budget setting and medium-term financial planning arrangements, to direct the planning and allocation of revenue and capital resources, and progress was subject to public scrutiny via the Council's overview and scrutiny arrangements.	No
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>The Council has well-embedded self-assessment arrangements that assessed the organisation's capacity and capability to deliver services. This was informed by the medium-term financial plan and workforce strategy and underpinned by established programmes of learning and development for elected Members and Officers and a framework of decision-making in the form of Schemes of Delegation.</p> <p><u>Area for Improvement</u></p> <ul style="list-style-type: none"> <li>The Council's draft self-assessment 2022/23 was reported to the Governance and Audit Committee on 19<sup>th</sup> December 2023 following year-end. The arrangements to compile the annual self-assessment, specifically its timeliness, require improvement to allow for scrutiny by the Governance and Audit Committee earlier in the year and enable identified improvements to be incorporated into reporting arrangements.</li> </ul>	Review arrangements for the completion of the self-assessment process to enable more timely completion and scrutiny by the Governance and Audit Committee and also enable identified improvements to be incorporated into reporting arrangements earlier in the year (as appropriate).

Supporting Principles	Overall Assessment Conclusion	Proposals for Improvement Set Out In The AGS
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it (continued)	<p><u>Area for Improvement</u></p> <ul style="list-style-type: none"> <li>The Governance and Audit Committee skills and knowledge assessment was completed in December 2022 and used to inform the Committee's 2023/24 learning and development plan. There is a need for the Committee's skills and knowledge assessment to be refreshed, along with seeking feedback from Committee Members on what went well and areas for improvement, to inform learning and development arrangements for 2024/25.</li> </ul>	Refresh the Governance and Audit Committee's skills and knowledge assessment alongside seeking feedback from Committee Members on what went well and areas for improvement in 2023/24 in preparing learning and development arrangements for 2024/25.
F - Managing risks and performance through robust internal control and strong public financial management	<p>The Council is financially stable, supported by robust financial planning, management and reporting arrangements that underpin service delivery and are compliant with the CIPFA Financial Management Code. Internal control and risk management processes are effective, with independent assurance provided by Internal Audit and oversight by the Governance and Audit, as part of the overall arrangements in supporting the delivery of the Council's work.</p> <p><u>Area for Improvement</u></p> <p>The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities &amp; Police 2022 Edition sets out as good practice 'has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?'. Currently, there are no formal arrangements in place in this regard.</p>	To ensure compliance with good practice, the feedback from full Council should be provided to the Governance and Audit Committee further to the Annual Report being presented.
G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	<p>The Council has open and transparent decision-making processes, with arrangements in place to hold decision-makers to account via a range of published reports on service delivery, performance and the stewardship of public funds.</p> <p><u>Area for Improvement</u></p> <p>The Council's Local Code of Corporate Governance does not take into account the Well-being of Future Generations Act or the Local Government and Elections (Wales) Act 2021 and therefore requires review and updating.</p>	Review and update the Council's Local Code of Corporate Governance and report to the Governance and Audit Committee for consideration / approval.

## 6. **REVIEW OF EFFECTIVENESS**

- 6.1 The Review of Effectiveness has entailed reviewing the activities in place around the Council's main governance arrangements, as set out in the Local Code of Corporate Governance and associated key processes, engagement with senior officers across services in respect of these arrangements and taking account of the findings from a range of existing reports including external regulator reports.
- 6.2 Each section of the Council's Local Code of Corporate Governance has been set out from Section 6.3 below, alongside other key governance arrangements, and a review of their effectiveness undertaken and proposals for improvement made, where deemed appropriate.

### **6.3 Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

- 6.3.1 The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for performance, both positive and negative, and for the outcomes achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, it can demonstrate the appropriateness of decisions and actions, and have arrangements in place to encourage and ensure compliance with ethical values and to respect the rule of law.

<b>Local Code of Corporate Governance Requirements</b>	<b>Sub-Principle</b>	<b>Review of Effectiveness During 2023/24</b>
<u>Elected Councillor and Officer Codes of Conduct</u> - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity.	Behaving with integrity	<ul style="list-style-type: none"> <li>• The Council's Constitution sets out the standards of behaviour expected of elected Members and Officers through Codes of Conduct and Rules of Procedure, with Committee meetings during the year held in line with the Council's Code of Conduct.</li> <li>• All elected Members have signed the 'Memorandum of Understanding' protocol which was endorsed by Council in 2021. This document, along with the Members' Code of Conduct, forms part of the ethical code which binds all elected Members of the Council.</li> <li>• From a Council Officer perspective, local induction arrangements were in place that set out, amongst other things, expected standards of behaviour. In parallel, the 'basic rules' booklet has been updated and is distributed to new staff as part of their starter paperwork.</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
<u>Rules of Procedure</u> – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules.	Demonstrating strong commitment to ethical values	The Council's Constitution sets out the Rules of Procedure to be followed by elected Members and Officers when conducting the Council's business. The arrangements, as set out in the Rules of Procedure, were compiled with during the year and publicly demonstrate an accountable and open approach in the delivery of Council services.
<u>Standards Committee</u> - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>• A Standards Committee was in place, supported by a <u>Work Programme</u>, and promoted high standards of conduct in accordance with the Committee's Terms of Reference.</li> <li>• As part of the Committee's Work Programme, information on the outcome of investigations undertaken by the Public Services Ombudsman for Wales (PSOW) relating to RCT Elected Members and Community/Town elected Members within RCT (for whom the Monitoring Officer has responsibility) were reported. In summary, between 1<sup>st</sup> March 2023 and 31<sup>st</sup> March 2024 there were 7 complaints made to the PSOW against RCT elected Members; one of those complaints reached the investigation stage but no further action was required following the investigation. Information in respect of these complaints was published as part of the <u>5<sup>th</sup> September 2023</u>, <u>29<sup>th</sup> January 2024</u> and <u>22<sup>nd</sup> April 2024</u> Standards Committee meetings, ensuring an open and transparent approach.</li> </ul>
Gifts and hospitality Policy.	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>• The Council has a Gifts and Hospitality Policy and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy</li> </ul>
<u>Whistle-blowing Policy</u> – promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council.	Respecting the rule of law	<ul style="list-style-type: none"> <li>• The <u>29th April 2024</u> Governance and Audit Committee scrutinised the Whistleblowing Annual Report 2023/24 that set out the arrangement and work undertaken during the year and concluded that the '<i>Council's whistleblowing arrangements are appropriate</i>'.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
<p><u>Comments, Compliments and Complaints</u> setting out how the Council handles and responds to feedback (complaints, compliments, and comments).</p>	<p>Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> <li>• The Council's arrangements for handling Comments, Compliments and Complaints were reported to and scrutinised by the Governance and Audit Committee (<u>12th October 2023</u>) and thereafter presented to Cabinet (<u>23rd October 2023</u>). The conclusions reported were (relating to the period April 2022 to March 2023): <ul style="list-style-type: none"> <li>○ Social Services Representations and Complaints Procedures Annual Report - Social Services continue to provide a robust and effective complaints procedure in line with statutory requirements, with the information from complaints providing valuable lessons learnt when planning and improving services to meet the needs of our customers.</li> <li>○ Customer Feedback Annual Report (non-social services related) - customer feedback provides valuable information from which services can improve and develop, and this data also enables services and the Council as a whole to better understand the needs of its residents and to assist in both the planning and delivery of services.</li> </ul> </li> <li>• The PSOW Annual Report and Letter for 2022/23 was also reported to the 23<sup>rd</sup> October 2023 Cabinet meeting - the report highlighted that, '<i>During 2022/23 54 complaints were received by the PSOW relating to this Authority (for periods 2021-2022– 51 and 2020/21 – 40). The total number of complaints equates to 0.23 complaints per 1000 residents. Notably this represents the fifth lowest total in Wales out of the 22 local authorities. 0.33 complaints per 1000 residents was the average across the 22 LA's</i>'.</li> </ul>
<p>Anti-fraud, Bribery &amp; Corruption Strategy.</p>	<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> <li>• Anti-fraud, Bribery and Corruption Strategy updates were reported to and scrutinised by the Governance and Audit Committee during the year: a mid-year update on <u>19th December 2023</u> and the Anti-fraud Annual Report for 2023/24 / <u>proposed work programme for 2024/25 on 29th April 2024</u>.</li> <li>• The Annual Report, endorsed by the Governance and Audit Committee, concluded that based on the work undertaken during the year, the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventative measures capable of identifying and addressing new threats.</li> </ul>

## 6.4 Core Principle B - Ensuring openness and comprehensive stakeholder engagement

6.4.1 Local government is run for the public good and the Council is committed to ensuring openness in the delivery of its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
A <u>Publication Scheme</u> that aims to advise citizens how to request public information the Authority holds.	Openness	<ul style="list-style-type: none"> <li>The Council's website provided information on its <u>Publication Scheme setting out the information published by the Council and how to access it</u>, and also on the <u>Freedom of Information Act 2000</u> that advised residents how to request public information that the Council may hold.</li> </ul> <p><u>Freedom of Information</u></p> <ul style="list-style-type: none"> <li>The Council received 1,083 Freedom of Information (FOI) / Environmental Information Regulations (EIR) requests during the year, this being slightly more than the previous year (868). Updates were reported to the Council's Information Management Board on a quarterly basis to enable the Board to maintain an overview of the Council's compliance with the relevant legislation.</li> <li>The Council received 7 complaints which had been referred to it by the Information Commissioner's Office (ICO). 4 related to the timeliness of requests being responded to by the Council (all of which were subsequently responded to); 1 where the ICO agreed that the Council did not hold the information; 1 where the ICO agreed that the Council applied the correct exemption; and the information is to remain withheld and 1 investigation still ongoing into what information is held by the Council.</li> </ul> <p><u>Public Services Ombudsman for Wales (PSOW)</u></p> <ul style="list-style-type: none"> <li>The Ombudsman received 62 complaints relating to the Council in 2023/24 (59 in 2022/23): 40 cases where there was no investigation deemed required following review by the PSOW; 8 agreed early resolution; 13 cases referred back to be dealt with as part of the Council's complaint procedures; and 1 case is on-going.</li> </ul>
Clear and open <u>Corporate &amp; Service Specific Privacy Notices</u> .	Openness	The Council complied with the transparency requirements of the UK General Data Protection Regulation by providing its citizens, service users and customers with clear and accessible privacy information (in the form of privacy notices via the <u>Council's website</u> ). This provided opportunity for data subjects to be aware of how their personal data is processed, including the lawful basis.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Forward plans for Committee meetings together with the matters to be considered, where appropriate.	Openness	The Council published on its website <u>forward plans of committee meetings</u> to assist members of the public to engage in the democratic processes of the Council. An example of engagement included the Cabinet Work Programme being shared with the Youth Engagement and Participation Service during the year, who identified 3 areas of interest, which led to a group of young people attending both an Overview and Scrutiny Committee and a Climate Change Cabinet Sub Committee visit.
Stakeholder engagement	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>• The Council worked with public, private and voluntary organisations during the year with the overriding objective to help improve the lives of residents within the County Borough, and a number of these are set out on the <u>Council's website</u>.</li> <li>• More specifically, the Council is a statutory partner within the Cwm Taf Morgannwg Public Services Board and has worked with partners to put in place the '<u>Cwm Taf Morgannwg – Our Well-Being Plan – A More Equal Cwm Taf Morgannwg 2023 – 2028</u>', informed by citizen engagement and a well-being assessment, and sets out regional objectives and outcomes and alignment with the Well-being of Future Generations Act seven national well-being goals. These arrangements align with the <u>Cwm Taf Morgannwg Regional Partnership Board, with the Board</u> managing, amongst other things, the allocation of the Welsh Government funded <u>Regional Investment Fund</u> in order to help meet the health, social care and wellbeing needs of residents and a focus on its governance and engagement arrangements.</li> <li>• The Council also has on-going engagement arrangements with partner organisations on specific areas where there are shared goals, such as, with the Health Service on developing an integrated health and social care model with the aim to improve health, care and wellbeing including prevention through a proactive approach and ensuring people will spend more time at home, with improved individual and population outcomes.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Stakeholder engagement	Engaging Stakeholders Effectively, Including Individual Citizens And Service Users	<p>The Council has conducted a range of engagement activities with stakeholders via its dedicated Let's Talk RCT engagement website and also face-to-face engagement, for example:</p> <ul style="list-style-type: none"> <li>• Let's Talk Budget 2024 - 2025 (Phase 1 &amp; 2) – to inform the 2024/25 Revenue Budget Strategy;</li> <li>• Let's Talk Climate Change, Electric Vehicles Charging, Trees and Wildflowers – continuous engagement to inform the Council's programme of work to tackle climate change;</li> <li>• Let's Talk About What Matters To You and then Continuing To Talk About What Matters To You – A phased approach to develop the Council's Corporate Plan 2024 – 2030;</li> <li>• Service Change Proposals: Breakfast Clubs, Home to School Transport and Domiciliary Care;</li> <li>• Let's Talk Equalities – to inform the development of the Strategic Equalities Plan;</li> <li>• Let's Talk Eisteddfod 2024 – to engage with the public on the event in summer 2024;</li> <li>• Let's Talk Aberdare – as part of developing the town centre strategy; Dog Fouling Public Spaces Protection Order (PSPO) 3 year review – Consultation to extend the PSPO; and</li> <li>• Development of the Draft Local Flood Risk Management Strategy and Action Plan.</li> </ul> <p>The range of engagement activity undertaken, supported by a Participation Strategy approved during the year, demonstrates that established arrangements are in place to take account of stakeholder feedback to inform decision making, service planning / delivery and the development of strategies.</p>

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

6.5.1 The long-term nature and impact of the Council's work requires it to define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands, determining priorities and finite resources.

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2023/24
The Council's Performance Management Framework – defining outcomes based on need	Defining Outcomes	<ul style="list-style-type: none"> <li>• The Council has a well-established Performance Management Framework (PMF) in place that includes an <u>Annual Self-Assessment and annual Corporate Performance Report</u>, Service Self-Assessments and Service Delivery Planning. These arrangements inform service delivery and priorities over the medium / long term; assess outcomes and impact; and monitor and report progress and exceptions.</li> <li>• The Council's Corporate Plan priorities are also its Well-Being Objectives, that align with and support the delivery of the Cwm Taf Morgannwg Well-Being Plan 2023 – 2028 and the Well-Being of Future Generations Act.</li> </ul> <p><u>Proposal for Improvement</u> Further to approval of the Council's new Corporate Plan, 'Working With Our Communities 2024 – 2030', there is a need to review the Performance Management Framework in place to ensure it continues to be fit for purpose.</p> <p>Therefore, review, and where required, update the Council's PMF taking account of the Council's new Corporate Plan. The review should also continue to focus on demonstrating the impact and outcomes of the Council's work, taking account of service user information (as set out within the Audit Wales report to the Council - Performance information: Service User Perspective and Outcomes).</p>
Corporate Plan 2020 – 2024 'Making a difference'	Defining Outcomes	<ul style="list-style-type: none"> <li>• The Council's <u>Corporate Plan 2020 – 2024 'Making a Difference'</u> sets out its Vision, Purpose and Priorities over the 4-year period together with the outcomes it aims to achieve and the key actions it will take to get there. The Council's Corporate Plan priorities are: <ul style="list-style-type: none"> <li>○ Ensuring People: are independent, healthy and successful:</li> <li>○ Creating Places: where people are proud to live, work and play: and</li> <li>○ Enabling Prosperity: creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper.</li> </ul> </li> <li>• The Council's key documents, including, the Revenue Budget Strategy, 3-year Capital Programme, Medium-Term Financial Plan, Strategic Risk Register and Performance Reports underpin the Corporate Plan to support the delivery of priorities in line with available resources.</li> <li>• During the year, preparatory work was completed to put in place a new Corporate Plan 'Working With Our Communities' 2024- 2030, and was subsequently approved by full Council on <u>24th April 2024</u> further to comprehensive public consultation and pre-scrutiny exercises.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principles	Review of Effectiveness During 2023/24
Quarterly Performance Report (including Risk Register updates)	'Defining Outcomes' and 'Sustainable economic, social and environmental benefits'	<ul style="list-style-type: none"> <li>The Council's quarterly / year-end Performance Reports provided a holistic overview of the Council's performance through setting out updates on: the Revenue Budget, Capital Programme and Treasury Management performance; Workforce (sickness absence and turnover) information; Corporate Plan Priority progress updates (supported by detailed action plan updates for each priority); additional investment allocated to Corporate Plan priorities; Strategic Risk Register risks that could adversely impact the delivery of Corporate Plan priorities alongside mitigating actions; and the delivery of its Climate Change strategy.</li> <li>The Council's Performance Reports were published on a quarterly basis during the year, reported to and approved by Cabinet and thereafter scrutinised by the Overview and Scrutiny Committee and were in line with the Council's Performance Management Framework.</li> <li>The Executive Summary style of reporting highlighted exceptions to enable the reader to quickly identify the key issues and provided opportunity for stakeholders to hold the Council to account for its financial and Corporate Plan performance.</li> </ul>

## 6.6 Supporting Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

6.6.1 The Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Robust decision making is required to enable priorities and intended outcomes to be delivered in an efficient and effective way, and decisions reviewed on an on-going basis to ensure the achievement of outcomes is optimised.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Evidence based decision-making arrangements	Determining interventions	Decision-making arrangements were in line with the Council's Constitution, supported by evidence based and published reports that were informed by stakeholder feedback, analysis of options and information in respect of legal, equality and diversity and financial implications, and the extent of alignment with the Well-Being of Future Generations Act. Specific areas were also subject to a pre-scrutiny process to inform the decision-making process (see also Section 6.6.1 – Scrutiny Committees). Where required, decisions were incorporated within the Council's Revenue Budget Strategy / 3-Year Capital Programme and informed Medium Term Financial Planning.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Monitoring and oversight of priorities	Planning interventions	<ul style="list-style-type: none"> <li>• Arrangements were in place during the year to plan and monitor interventions via local Service Delivery Planning, quarterly Performance Reports and other specific update reports to Cabinet and / or to the designated scrutiny committee. For example: <ul style="list-style-type: none"> <li>○ <b>Corporate Plan Priority – People:</b> <u>MAGU Service and Pathways to Care Delays.</u></li> <li>○ <b>Corporate Plan Priority – Places:</b> <u>'Think Climate RCT' - The Council's Tacking Climate Change Strategy 2022-2025 and The adoption of the Authority's Revised Local Flood Risk Management Strategy and Action Plan.</u></li> <li>○ <b>Corporate Plan Priority – Prosperity:</b> <u>Child poverty and community focussed schools update and Aberdare Town Centre Strategy.</u></li> </ul> </li> </ul>
Annual Revenue Budget Strategy and three-year Capital Programme	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>• Full Council approved the 2023/24 Revenue Budget Strategy and 3-year Capital Programme (2023/24 to 2025/26) on <u>8th March 2023.</u></li> </ul> <p><u>Revenue Budget Strategy 2023/24</u></p> <ul style="list-style-type: none"> <li>• The formulation of the 2023/24 Revenue Budget Strategy was informed by a comprehensive set of tried and tested arrangements that included Service Delivery Planning; review and challenge of budget requirements across all service areas, led by the Senior Leadership Team; and engagement with local residents / stakeholders. The approach enabled the Council to set a balanced budget, totalling £609.955Million, further to addressing a budget gap of over £38Million through the delivery of significant budget savings and service transformation, and was the largest budget gap ever faced by the Council.</li> <li>• As part of the engagement arrangements, respondents fed back high levels of support for resources to be prioritised in schools and social services, with the Council allocating 67.5% (£29M) of overall additional resources available to these areas (34% for social services and 33% for schools / education and inclusion services).</li> </ul> <p><u>Capital Programme (2023/24 to 2025/26)</u></p> <ul style="list-style-type: none"> <li>• The 3-year Capital Programme totalled £187.320Million and set out the capital investment priorities that will have a long-term impact on the area in terms of regeneration, infra-structure and the Council's built assets in terms of optimising their use and benefit to local communities. This included significant on-going investment in: schools, that is improving the quality of learning environment and facilities available, and ensuring school buildings are fit for future generations; in highways, that is supporting a trend of improvement in the condition of roads, as demonstrated by reported performance indicators; flood alleviation projects; and carbon reduction projects that is supporting reductions in energy consumption and CO2 emissions.</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Annual Revenue Budget Strategy and three-year Capital Programme (continued)	Optimising achievement of intended outcomes (continued)	<p><u>Demonstrating the achievement of intended outcomes</u></p> <ul style="list-style-type: none"> <li>The Council's in-year Performance Reports during the year have provided updates and assurance on the delivery of the objectives underpinning the Revenue Budget Strategy and Capital Programme i.e. overall positive progress in the delivery of Corporate Plan priorities; the continued delivery of the Council's key services and protect as many local jobs as possible; and taking a responsible approach to the level of Council Tax – the latter being supported by the Council having the lowest average Band D council tax increase in Wales for 3 of the past 5 years.</li> <li>The Council has a sustainable and long-term approach in planning its capital programme, in line with its Corporate Plan priorities. This is demonstrated by over £1Billion of capital investment over the past 9 years (between 2015/16 and 2023/24), with impacts reported via Performance Reports and specific updates to the relevant Committee.</li> </ul>
Medium Term Financial Plan	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>The Council has well embedded Medium Term Financial Planning (MTFP) arrangements that inform budget setting, with the approach balancing the Council priorities and strategies with affordability, to support service planning and delivery over the medium term. The MTFP was published and the Council adopted an inclusive approach to enable elected Members to review and scrutinise the position i.e. updates reported to Cabinet, full Council, Overview and Scrutiny Committee and School Budget Forum.</li> <li>The latest MTFP (<u>18th September 2023</u>) set out a range of modelled 'budget gaps', these being between £31M and £35M for the 2024/25 financial year and provided an accurate and timely forecast of the scale of the budget challenge to inform budget setting arrangements for this period (the actual budget gap at provisional settlement being £36M, this being the second largest budget gap ever faced by the Council).</li> <li>The Council prioritised the allocation of resources in line with its Corporate Plan: 86% of the Council's revenue budget was allocated to Corporate Plan priority areas (with the remaining 14% being in respect of Regulatory Public Services, Other Services to the public, Authority Wide costs and Core Support) (See also section 'Supporting Principle F'); and 97% of capital resources were allocated to Corporate Plan priority areas.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Scrutiny Committees	Optimising achievement of intended outcomes	<p>The Council's scrutiny arrangements focus on supporting sound decision making and contributing to the optimisation of intended outcomes, as set out in the <u>Scrutiny Annual Report 2023/24</u><sup>1</sup>. This included:</p> <ul style="list-style-type: none"> <li>• A focus on pre-scrutiny - Scrutiny Committees considering 17 pre-scrutiny reports that provided opportunity to identify risks and opportunities early in the decision-making process and help ensure choices are well informed. Examples of pre-scrutiny were: the draft Revenue Budget Strategy; the draft Corporate Plan; Estyn's Report on Education Services in Rhondda Cynon Taf County Borough Council; Day Services for Older People service change proposal; Houses in Multiple Occupation Additional Licensing Review; and the Local Flood Risk Management Strategy and Action Plan (LFRMS).</li> <li>• Utilising the 'call-in' mechanism - enabling an examination of decisions made by Cabinet but not yet implemented, this being a key part of the Council's governance arrangements, and 4 call-in reports considered by the Overview and Scrutiny Committee during the year.</li> <li>• Considering and responding to consultations - providing an independent review and analysis of proposals, policies and recommendations, for example, Elections and Elected Bodies (Wales) Bill and Council Tax Reform.</li> <li>• Scrutinising the Council's financial performance, progress to deliver Corporate Plan priorities and actions taken to mitigate strategic risks, and making recommendations to further improve arrangements, for example, revisions to the strategic risk register to more clearly align risks and mitigating actions.</li> </ul> <p>The above arrangements were supported by on-going training made available for all elected Members on scrutiny committees, a Member Research facility and pre-meetings to assist Chairs and Vice-Chairs in determining questioning / lines of enquiry at scrutiny meetings. Through the pre-meeting arrangements, due regard was given to the extent of the seven wellbeing goals and the five ways of working (as per the Well-being of Future Generations Act) within reports, directing scrutiny committees to consider the long-term impact of decisions on communities to prevent consistent issues such as poverty, health inequalities and climate change.</p>

<sup>1</sup> Scrutiny Annual Report 2023/24 – subject to approval by full Council

## 6.7 Supporting Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

6.7.1 The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and support the achievement of intended outcomes. It must ensure it has both the capacity to deliver its priorities and for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Corporate and Service Self Evaluation process.	Developing the entity's capacity	<p>The Council's 2022/23 Annual Self-Assessment was approved by full Council on <u>17th January 2024</u>, further to scrutiny and endorsement by the Governance and Audit Committee. The Annual Self-Assessment 2022/23 concluded, amongst other things, that the Council: has in place comprehensive and well embedded assessment processes and robust monitoring, governance and scrutiny of its priorities; is clear about its strengths and honest about where it need to do better; was limited in its ability to compare performance with other Welsh Councils due to the lack of robust national data; and can demonstrate it is exercising its functions effectively, is using its resources economically, efficiently and effectively; and is meeting the requirements of Part 6 of the Local Government and Elections (Wales) Act 2021.</p> <p>More specifically, the assessment process evidenced a consistent track record of service delivery, with arrangements in place for the planning and allocation of available resources in line with the Council's legal responsibilities and policies / strategies.</p> <p><u>Proposal for Improvement</u> The Council's draft self-assessment 2022/23 was reported to the Committee on 19<sup>th</sup> December 2023 following year-end. The arrangements to compile the annual self-assessment, specifically its timeliness, require improvement to allow for scrutiny by the Committee earlier in the year and enable identified improvements to be incorporated into reporting arrangements.</p> <p>Therefore, review arrangements for the completion of the self-assessment process to enable more timely completion and scrutiny by the Governance and Audit Committee and also enable identified improvements to be incorporated into reporting arrangements earlier in the year (as appropriate).</p>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Workforce Plan	Developing the entity's capacity	<ul style="list-style-type: none"> <li>• The current <u>Human Resources Strategy and Council Workforce Plan 2023-28</u> supports the identified workforce needs of the Council, with a focus on 4 key aims (i.e. responsible, inclusive and sustainable leadership and management; high performing, engaged and dedicated workforce; recruiting and retaining staff for excellent service delivery; and maximising attendance and supporting staff wellbeing) and it is recognised that the Strategy needs to be kept under on-going review to support the long-term service delivery requirements of the Council.</li> <li>• Workforce planning has been identified as a risk within the Council's Strategic Risk Register, with updates included within the Council's quarterly Performance Reports setting out actions being taken to mitigate, as far as practicable, identified risks, for example, the delivery of workforce planning training for managers, supporting workforce development planning (e.g. within Children's Services and Council apprenticeship and graduate programmes) and working collective with service manager and finance officers to review and reconfigure staffing structures to ensure provision aligns with need and support more efficient service delivery arrangements.</li> </ul>
Schemes of Delegation	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>• Part 3 of the Council's Constitution 'Responsibility for Functions' set out General Scheme of Delegation of Executive and Non-Executive Functions to Officers and these were kept under on-going review during the year. Internal Audit undertook an audit assignment on the Council's Scheme of Delegation arrangements, in line with the agreed 2023/24 Audit Plan, and issued a Reasonable Assurance audit opinion.</li> </ul>
Procedure Rules	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> <li>• The Council's Constitution set out Contract and Financial Procedure Rules that provided the framework for Officers and, where required, elected Members, to operate within during the year. Internal Audit also took account of the requirements within these Procedure Rules when checking internal control compliance as part of audit assignments undertaken and reported updates to Management on exceptions (see also Supporting Principle F – Internal Audit Function).</li> <li>• The Governance and Audit Committee were provided with an overview of the Council's Contract and Financial Procedure Rules at its meeting on <u>24th January 2024</u>, to support awareness and understanding of the framework of rules in place when discharging the Committee's responsibilities.</li> </ul>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Programme of elected Member and Officer training and development.	Developing the capability of the entity's leadership and other individuals	<p><u>Elected Members</u></p> <ul style="list-style-type: none"> <li>• The 2023/24 Member Development Training Programme was compiled following completion of Member Personal Development Reviews and informed by Committee requests throughout the year, and a report outlining the training delivered during this period was presented to the Democratic Services Committee on <u>1st May 2024</u>. 98% of respondents to the elected Member survey indicated either being very satisfied or satisfied with the training provided, with the Council having monitoring and evaluation in place to inform on-going support arrangements.</li> <li>• Other support arrangements in place included: specific support via other Council Services (e.g. new digital voting arrangements in the Council Chamber, equality and diversity and launching new guidance for Elected Members on working from home with display screen equipment (DSE)) and external bodies (e.g. the WLGA Community Project / Leadership Programme, Data Cymru); Statutory research function available to support and inform elected members through challenge and scrutiny of key decisions; and the Members Portal, including utilising 'Member Portal Champions' to assist in the developments of the system which has provided Members with a platform to submit expenses, a training calendar to allow Members to book on to training available as well as a data library for Members to utilise</li> <li>• At the 1<sup>st</sup> May 2024 Democratic Services Committee, the 'Sufficiency of Resources Report – Statutory Opinion of the Head of Democratic Services' was also presented and concluded that the resources made available for elected Members will remain sufficient.</li> </ul> <p><u>Officers</u></p> <ul style="list-style-type: none"> <li>• During 2023/24 staff development has been supported virtually and face to face through induction sessions, Personal Development Reviews, Leadership and Middle Management Development Programmes, Manager Briefings, 'Joint Cabinet and Senior Officer meetings' and a range of operational training.</li> </ul> <p><u>Proposal for Improvement</u></p> <ul style="list-style-type: none"> <li>• The Governance and Audit Committee skills and knowledge assessment was completed in December 2022 and used to inform the Committee's 2023/24 learning and development plan. There is a need for the Committee's skills and knowledge assessment to be refreshed, along with seeking feedback from Committee Members on what went well and areas for improvement, to inform learning and development arrangements for 2024/25.</li> </ul>

## 6.8 Supporting Principle F - Managing risks and performance through robust internal control and strong public financial management

6.8.1 It is a fundamental requirement for the Council's governance structures to support robust financial and performance management arrangements, thereby enabling efficient and effective service planning and delivery and the achievement of intended outcomes. Risk management and robust internal control are integral parts of these arrangements. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will drive financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from the Council's leaders and senior managers.

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Risk Management Strategy	Managing risk	<ul style="list-style-type: none"> <li>• Risk Management Strategy - during 2023/24 the Council's Risk Management Strategy was reviewed and updated to reflect key roles and responsibilities (incorporated within Section 9 of the Strategy). The updated document was endorsed by the Governance and Audit Committee on <u>12<sup>th</sup> October 2023</u> and approved by Cabinet on <u>18<sup>th</sup> December 2023</u>.</li> <li>• Strategic Risk Register – the Strategic Risk Register was reviewed and updated for 2023/24, with progress updates included within the Council's quarterly Performance Reports and updates reported to the Governance and Audit Committee (on <u>12<sup>th</sup> October 2023</u> and <u>27<sup>th</sup> February 2024</u>).</li> <li>• Staff training and awareness – an online training module for staff in respect of the Council's risk management arrangements was launched during 2023/24 and is in the process of being rolled out to officers.</li> <li>• Internal Audit undertook an audit assignment on the Council's Corporate Risk Management arrangements in 2023/24, concluding substantial assurance overall. The review concluded that appropriate officers are assigned to lead on corporate risk management, risk owners are clearly identified and well informed on their assigned risks and appropriate monitoring and reporting arrangements are in place. Risk management is well embedded into the culture of the Council and no recommendations were made.</li> </ul> <p>The arrangements provide assurance that risk management continued to be promoted and afforded a high priority as a key component of the Council's overall governance processes, with regular reporting in place to scrutinise the assess the actions being taken by the Council to mitigate key risks.</p>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Service Delivery Planning; Quarterly Performance Report (including Risk Register up dates); and Corporate Performance Report (i.e. year-end annual report).	Managing performance	<ul style="list-style-type: none"> <li>As set out in sections 'Supporting Principles C and D'; 'Supporting Principle C'; and 'Supporting Principles C and D' respectively.</li> </ul>
Governance and Audit Committee	Robust internal control	<p>The Governance and Audit Committee draft Annual Report for 2023/24 (subject to consideration and approval by the Governance and Audit Committee on 25<sup>th</sup> June 2024) sets out that the outcome of the review process, undertaken as part of the Annual Report, has: provided assurance that the targeted programme of work delivered by the Governance and Audit Committee has enabled the Committee to deliver its Terms of Reference and ensure compliance with the CIPFA Guidance; demonstrated that the Committee's work has contributed to the robustness of the Council's governance, internal control and risk management arrangements; and identified a small number of recommendations that will further support the Committee in the effective discharge of its Terms of Reference.</p> <p><u>Proposal for Improvement</u> The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities &amp; Police 2022 Edition sets out as good practice 'has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?'. Currently, there are no formal arrangements in place in this regard. To ensure compliance with good practice, the feedback from full Council should be provided to the Governance and Audit Committee further to the Annual Report being presented.</p>
Internal Audit function	Robust internal control	<p><u>Internal Audit</u> A review of information presented by the Regional Internal Audit Shared Service (RIAS) to the Governance and Audit Committee concluded that it was in line with the approved work programme and played a key part in enabling the Committee to fulfil its Terms of Reference. The information reported to the Committee by Internal Audit included: the Internal Audit Charter 2023/24 that provided the Committee with information to assess the independence of the internal audit function; an Internal Audit Annual Plan 2023/24 and in-year progress updates; details of all audit assignments finalised during the year to enable the Committee to consider and gain assurance on the standard of internal control across the Council; and information on the overall assessment of Internal Audit's work for 2023/24 (as set out at paragraphs 6.11.4 to 6.11.6).</p>

Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Internal Audit function (continued)	Robust internal control	<ul style="list-style-type: none"> <li>• In compliance with the Public Sector Internal Audit Standards (PSIAS), an external assessment should be carried out every five years by a qualified, independent assessor or assessment team from outside of the RIAS Councils. The results of the external assessment were reported to the Governance and Audit Committee held on <u>4th September 23</u> and set out full conformance with the PSIAS.</li> </ul>
Effective Management of data (including cyber risk and compliance with data protection legislation)	Managing Data	<ul style="list-style-type: none"> <li>• The Council has an approved Digital Strategy 2022-26 that sets the direction to obtain maximum value from data and seeking to ensure decision making is fully informed by data driven approaches whilst providing appropriate protection around its integrity and confidentiality.</li> <li>• The Council has governance arrangements in place for Information Management &amp; Cyber Assurance, with each quarterly board meeting chaired by the Deputy Chief Executive and Chief Executive respectively. Assurance was demonstrated to both boards through a range of mechanisms including quarterly highlight reports, review of the corporate risk register risks and ratings, policy, and oversight of progress against key actions.</li> <li>• The Council had arrangements in place for technical and cyber assurance through secured accreditation to Public Service Network and work in progress for reaccreditation to Cyber Essentials. During re-accreditation controls remain in place to mitigate against cyber risk. This provided assurance that the Council meets required standards for security.</li> <li>• Designated roles in place such as a Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) whose roles are to provide specialist advice, information and guidance to the organisation on data protection and information risk matters.</li> <li>• All Council staff and elected Members completed the Council's mandatory Cyber Security training as a key action to improve knowledge, raise awareness and support the reduction of risk, and a specific Cyber Security Resilience updated provided to the Governance and Audit Committee on 19<sup>th</sup> December 2023.</li> <li>• The Information Commissioner's Office investigated 2 personal data breaches during 2023/24 and determined in these cases no further regulatory action was required and was satisfied with the Council's investigation of the breaches and the remedial measures identified.</li> </ul>



Local Code of Corporate Governance Requirements	Sub-Principle	Review of Effectiveness During 2023/24
Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules.	Strong public financial management	<ul style="list-style-type: none"> <li>• The Council complied with the approved Budget and Policy Framework Procedure Rules for the 2022/23 budget setting process and was set out in the report to Cabinet on <u>24th January 2024</u>.</li> <li>• The Council's Finance Service and Procurement Service provided support and advice to services on the Procedure Rules and the Internal Audit Service tested compliance with the Council's Procedure Rules as part of delivering the 2023/24 Internal Audit Plan (see paragraphs 6.11.4 to 6.11.6 for the overall outcome from the work of Internal audit during 2023/24).</li> </ul>
Medium Term Financial Plan	Strong public financial management	<ul style="list-style-type: none"> <li>• The Council updated its MTFP and was reported to Cabinet and full Council in September 2023 (on <u>18th September</u> and <u>20th September</u> respectively) and overviews reported to the School Budget Forum (28<sup>th</sup> September 2023) and Overview and Scrutiny Committee (13<sup>th</sup> December 2023), providing opportunity for scrutiny and stakeholder understanding of the Council's forecasted financial position, risks and opportunities.</li> <li>• The Council's MTFP updates have consistently supported: <ul style="list-style-type: none"> <li>○ The identification of future forecasted budget gaps (taking account of estimated expenditure requirements and funding levels) that have accurately informed savings requirements and supported a sustainable and targeted programme of improvement and investment (see also Supporting Principle D).</li> <li>○ An on-going assessment and public reporting and scrutiny of reserve levels, including a detailed overview of the Council's reserves reported to full Council alongside the MTFP update on 20<sup>th</sup> September 2023. The sustainable approach to the replenishment and utilisation of the Council's earmarked reserves has enabled continued additional one-off investment in Corporate Plan priority areas; for 2023/24 this totalled £27.022Million and were agreed by full Council on <u>20th September 2023</u> (£7.730M) and <u>6th March 2024</u> (£19.292M). The additional one-off investment, along with other allocated resources, contributed to capital expenditure investment of £169Million for 2023/24.</li> <li>○ The setting and delivery of balanced revenue budgets.</li> </ul> </li> </ul> <p>The consistent delivery of the above outcomes provides assurance on the robustness of the arrangements in place and a demonstrable commitment to prioritise resources to Corporate Plan areas.</p>

### Compliance with the CIPFA Financial Management Code of Practice

- 6.8.2 The CIPFA Financial Management Code (the Code) was launched in November 2019 and is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 6.8.3 The Code sets the standards of financial management for local authorities and 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.
- 6.8.4 Each local authority must demonstrate that the requirements of the Code are being satisfied, with compliance being a collective responsibility of elected Members, the Chief Finance Officer and their professional colleagues in the leadership team. The Code is designed to be flexible to the nature, needs and circumstances of individual authorities, and it is up to each authority to determine the extent to which it complies with the Code and to identify what action it may wish to take to better meet the standards that the Code sets out. CIPFA has also set out that Annual Governance Statements should include the conclusions of the evaluation of compliance with the Code.
- 6.8.5 As referenced above, the Code applies a principle-based approach to assist in determining whether, in applying standards of financial management, an authority is financially sustainable, and the principles cover:
- Organisational leadership - demonstrating a clear strategic direction based on a vision in which financial management is embedded into culture;
  - Accountability - based on medium-term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs;
  - Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making;
  - Adherence to professional standards is promoted by the leadership team and is evidenced;
  - Sources of assurance are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection; and
  - The long-term sustainability of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.
- 6.8.6 In turn, the Code is structured around 7 overarching Standards: The Responsibilities of the Chief finance officer and Leadership Team; Governance and Financial Management Style; Long to Medium Term Financial Management; The Annual Budget; Stakeholder Engagement and Business Plans; Monitoring Financial Performance; and External Financial Reporting.

- 6.8.7 The Council has undertaken an assessment of its current arrangements against the Standards within the Code, with the assessment set in the context of extremely challenging operating conditions, both now and forecasted over the medium term, and being driven by the demand for services rising substantially, particularly those services that support the most vulnerable residents within the County Borough, inflationary cost pressures, real term reductions in funding and also legacy implications of the Covid-19 pandemic.
- 6.8.8 The assessment has evidenced:
- A disciplined, planned and robust approach to financial management and medium-term financial planning, led by the Senior Leadership Team and the Cabinet alongside oversight by full Council and the Overview and Scrutiny Committee, that has supported the targeted allocation of resources to successfully deliver Corporate Plan priorities and at the same time maintained the Council's financial resilience and stability.
  - Arrangements that take account of volatile operating conditions and constrained funding levels, together with a continuous programme of work to identify and deliver significant budget savings and protect, as far as possible, frontline services.
  - Well embedded processes to identify and implement areas for improvement and service change / transformation opportunities on an on-going basis.
- 6.8.9 Based on the findings of the assessment process and key outcomes delivered, there are no specific areas for improvement identified from the assessment, save for those included within this Annual Governance Statement (see section 5, Executive Summary), with a high level of assurance in place that the Council's financial management arrangements continue to be fit for purpose.

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

6.9.1 Accountability within RCT is about ensuring that those making decisions and delivering services are answerable for them, with external and internal audit being integral parts of the arrangements.

Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2023/24
Reporting protocols and calendars (including forward looking work programmes, for example, for Cabinet and Scrutiny Committees).	Implementing good practice in transparency	<ul style="list-style-type: none"> <li>As set out in section 'Core Principle B'.</li> </ul>
Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report.	Implementing good practice in transparency	<ul style="list-style-type: none"> <li>Annual Reports were prepared and publicly reported to support accountability and open and transparent performance arrangements, for example<sup>2</sup>, Corporate Parenting Board Annual Report 2022/23 (<a href="#">Corporate Parenting Board 18th July 2023</a>); Annual Equality Report 2022/23 (<a href="#">Overview and Scrutiny Committee 26th February 2024</a> and <a href="#">Cabinet 20th March 2024</a>); and Vale, Valleys and Cardiff Regional Adoption Collaborative Annual Report 2022/23 and Young Carers Annual Report 2023/24 (<a href="#">Corporate Parenting Board 7th May 2024</a>).</li> </ul>
Statement of Accounts.	Implementing good practices in reporting	<ul style="list-style-type: none"> <li>The external audit of the Council's Statement of Accounts have consistently, year-on-year, received an unqualified 'true and fair' audit opinion (i.e. clean bill of health); the latest unqualified audit opinion, relating to the 2022/23 financial year, was reported to full Council on <a href="#">29<sup>th</sup> November 2023</a>.</li> <li>During 2023/24, prior to the Council's 2022/23 audited statement of accounts being approved by full Council, key arrangements included reporting the Council's certified draft statement of accounts to the <a href="#">4<sup>th</sup> September 2023</a> Governance and Audit Committee meeting (alongside Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee) to provide the Committee with opportunity to comment and consider the certified draft accounts in line with the statutory guidance as per the Local Government Measure 2011. These arrangements will also be in place for the 2023/24 Statements of Account.</li> </ul>
Local Code of Corporate Governance Requirements	Sub-principle	Review of Effectiveness During 2023/24

<sup>2</sup> Annual Reports – annual reports referenced in other sections of the Annual Governance Statement, for example, the Governance and Audit Committee Annual Report, have not been noted for the purposes of this section of the document.

Pension Fund Committee.	Implementing good practices in reporting	<ul style="list-style-type: none"> <li>The Pension Fund Statement of Accounts 2022/23 were reported to and approved by full Council on <u>29th November 2023</u> and the outcome of the external audit, undertaken by Audit Wales, was an unqualified audit opinion (i.e. a clean audit opinion). An update was reported to the Pension Fund Committee on <u>12<sup>th</sup> December 2023</u>.</li> <li>A Work Programme for the 2023/24 financial year was presented to and agreed at the <u>18th July 2023</u> Pension Fund Committee and a review of reports presented during the year demonstrated delivery of the work programme.</li> </ul>
Annual Governance Statement.	Assurance and effective accountability	<p>A progress update on the 2022/23 AGS recommendations was reported to the Governance and Audit Committee meeting. A year-end position statement is set out at <b>Appendix A</b> and demonstrates that all recommendations, have been completed and / or sufficiently progressed.</p> <p><u>Proposal for Improvement</u> The Council's Local Code of Corporate Governance does not take into account the Well-being of Future Generations Act or the Local Government and Elections (Wales) Act 2021 and therefore required review and updating.</p>
Internal Audit external assessment and Charter.	Assurance and effective accountability	As set out in 'Supporting Principle F'.

## 6.10 Other Key Governance Arrangements

### Amgen Cymru Limited

- 6.10.1 RCT holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.
- 6.10.2 The Directors of the Companies, including a non-executive director, are responsible for ensuring there are sound governance arrangements including a robust system of internal control.
- 6.10.3 The Council removed the “arm’s length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the Companies.
- 6.10.4 During 2023/24 there have been no significant governance issues that have been identified by the Amgen Company Directors, Internal Auditors or External Auditors.

### Pension Fund

- 6.10.5 RCT is the Administering Authority for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:
- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
  - Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
  - Communication Policy Statement which details the communication and information services to participating employers and scheme members;
  - Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
  - Investment Strategy Statement which details how Fund investments are managed, including the Fund’s policy on how social, environmental and corporate governance considerations are taken into account; and
  - Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.
  - Pension Fund Risk Register, which identifies, prioritises and monitors risks associated with the Fund, against suitable mitigation controls.
- 6.10.6 All of these documents can be found at the following link: [www.rctpensions.org.uk](http://www.rctpensions.org.uk)
- 6.10.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the governance of such schemes. In accordance with the Act, the Council established a Local Pension Board to assist

Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('Scheme Manager') in:

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

6.10.8 The Pension Board is made up of two employer representatives and two member representatives. The Pension Board met 4 times during the 2023/24 financial year.

6.10.9 In 2016/17 the Council established a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.

6.10.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Council's Deputy Chief Executive/Group Director Finance, Digital & Frontline Services (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.

6.10.11 The Pension Fund Committee met 4 times during the 2023/24 financial year.

6.10.12 In 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In January 2018, the WPP appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Progress the Government's pooling aspirations; and
- Equitably share the costs of transitioning into sub-funds.

## 6.11 Other Key Sources of Assurance

6.11.1 The following other key sources of assurance were in place during the 2023/24 financial year.

### Chief finance Officer (Section 151 Officer)

6.11.2 The Chief Finance Officer position within the Council during 2023/24 complied with the principles outlined in the CIPFA document '*The Role of Chief Finance Officer*' because the Chief Finance Officer:

- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
- *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
- *Led the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

*To deliver these responsibilities the Chief Financial Officer:*

- *Led and directed a finance function that was resourced to be fit for purpose; and*
- *Is professionally qualified and suitably experienced.*

### Monitoring Officer

6.11.3 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. During the period of the Annual Governance Statement, the Monitoring Officer did not make any such reports.

### Head of the Regional Internal Audit Service

6.11.4 During 2023/24 the Internal Audit function was delivered by the Regional Internal Audit Service and completed a programme of work in accordance with the Internal Audit Plan 2023/24. The Head of Internal Audit has produced a Head of Internal Audit Report for 2023/24; subject to the Governance and Audit Committee's consideration of this report at its meeting in June 2024, the Head of Internal Audit Report states:

- *The Head of Internal Audit's opinion is that the Council's overall governance, risk management and internal control environment during 2023/24 operated effectively with some areas identified for improvement. Whilst there have been instances where weaknesses in the internal control environment have been identified, in the opinion of the Head of Internal Audit, these did not have a material impact on the overall level of assurance for the Council.*



- 6.11.5 The Head of Internal Audit's Annual Report 2023/24 confirmed overall conformance to the Public Sector Internal Audit Standards. Many Council staff continued to work remotely, and systems and processes have had to be adjusted to cater for the new ways of working. Similarly, Internal Audit has worked using a hybrid approach of conducting audits and obtaining evidence digitally and also in person, where required. Each audit has considered the potential impact of remote working to ensure adequate controls and governance arrangements remained in place.
- 6.11.6 In April 2024, the Internal Audit Service successfully transitioned back to the Council from the Regional Shared Service, with the Council's Governance and Audit Committee provided with assurance on the transition process through regular progress updates.

### External Audit

- 6.11.7 Audit Wales provided updates to full Council and the Governance and Audit Committee to enable elected Members to review and scrutinise its work and also seek assurance from Council Officers that agreed recommendations reported by Audit Wales were being implemented by Council services. Updates included:

- Full Council - overall, compliance with statutory Statement of Accounts requirements met and no significant issues to report - 29th November 2023 – 'Audit of Accounts Report – Rhondda Cynon Taf Pensions Fund' and 'Audit of Accounts Report – Rhondda Cynon Taf County Borough Council'.
- Governance and Audit Committee – regular Audit Wales updates were reported to the Committee alongside Council reports, were appropriate, on the progress being made to implement recommendations made by Audit Wales in respect of the Council's arrangements. This included:
  - 4th July 2024 – Council Progress Update – Implementation of Recommendations reported by Audit Wales;
  - 4th September 2023 – Audit Wales National Reports 'Poverty in Wales – Time for Change', 'Social Enterprises – A Missed Opportunity' and 'Community Resilience and Self-Resilience – Together we Can', together with the Council's response in respect of the recommendations;
  - 12th October 2023 – Audit Wales: Rhondda Cynon Taf County Borough Council – Detailed Audit Plan 2023;
  - 24th January 2024 – Audit Wales Report – 'Use of Performance Information: Service User Perspective and Outcomes', together with the actions to be taken by the Council to implement the recommendations;
  - 27th February 2024 – Audit Wales Work Programme and Timetable (Quarterly update to 31 December 2023) – Rhondda Cynon Taf County Borough Council;
  - 29th April 2024:
    - Audit Wales – Annual Audit Summary 2023

- Audit Wales Work Programme and Timetable (Quarterly update to 31 March 2024)
- Council Progress Update – Implementation of Recommendations reported within the Audit Wales Annual Audit Summary 2023

6.11.8 The Review of Effectiveness and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team and the Governance and Audit Committee.

## **6.12 Overall Conclusion**

6.12.1 Based on the review of effectiveness against the Local Code of Corporate Governance, the governance arrangements in place provided the basis to maintain the Council's financial stability and resilience, during a period of significant financial pressures and constrained funding, through robust planning, prioritisation and management of scarce resources. This position was underpinned by sound scrutiny and decision-making processes and well established self-assessment arrangements, and supported the delivery of Corporate Plan priority areas and wider services. A small number of proposals for improvement have been made to further strengthen existing processes.

6.12.2 The above position, together with a track record of implementing proposals for improvement made within previous Annual Governance Statements, provides assurance that appropriate arrangements are in place to address the proposals for improvement set out in Section 7.

## **7. PROPOSALS FOR IMPROVEMENT 2023/24**

7.1 Further to completing the assessment of the Council's governance arrangements, Table 2 summarises the proposals for improvement.

**Table 2 – Proposals for Improvement**

<b>Core / Supporting Principle</b>	<b>Local Code of Corporate Governance Requirement</b>	<b>Issue Identified</b>	<b>Recommendation</b>	<b>Timescale for Implementation and Responsible Officer</b>
C - Defining outcomes in terms of sustainable economic, social and environmental benefits	The Council's Performance Management Framework – defining outcomes based on need	Further to approval of the Council's new Corporate Plan, 'Working With Our Communities 2024 – 2030', there is a need to review the Performance Management Framework (PMF) in place to ensure it continues to be fit for purpose.	Review, and where required, update the Council's PMF taking account of the Council's new Corporate Plan. The review should also continue to focus on demonstrating the impact and outcomes of the Council's work, taking account of service user information (as set out within the Audit Wales report to the Council - Performance information: Service User Perspective and Outcomes).	December 2024  Deputy Chief Executive and Group Director – Finance, Digital and Frontline Services
E - Developing the entity's capacity, including the capability of its leadership and the individuals within it	Corporate and Service Self Evaluation process	<p>The Council's draft self-assessment 2022/23 was reported to the Governance and Audit Committee (GAC) on 19<sup>th</sup> December 2023 following year-end. The arrangements to compile the annual self-assessment, specifically its timeliness, require improvement to allow for scrutiny by the GAC earlier in the year and enable identified improvements to be incorporated into reporting arrangements.</p> <p>The GAC skills and knowledge assessment was completed in December 2022 and used to inform the Committee's 2023/24 learning and development plan. There is a need for the Committee's skills and knowledge assessment to be refreshed, along with seeking feedback from Committee Members on what went well and areas for improvement, to inform learning and development arrangements for 2024/25.</p>	<p>Review arrangements for the completion of the self-assessment process to enable more timely completion and scrutiny by the GAC and also enable identified improvements to be incorporated into reporting arrangements earlier in the year (as appropriate).</p> <p>Refresh the GAC's skills and knowledge assessment alongside seeking feedback from Committee Members on what went well and areas for improvement in 2023/24 in preparing learning and development arrangements for 2024/25.</p>	<p>October 2024  Service Director – Finance and Improvement Services</p> <p>September 2024  Service Director – Democratic Services and Communication</p>

Core / Supporting Principle	Local Code of Corporate Governance Requirement	Issue Identified	Recommendation	Timescale for Implementation and Responsible Officer
F - Managing risks and performance through robust internal control and strong public financial management	Governance and Audit Committee	The CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities & Police 2022 Edition sets out as good practice 'has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?'. Currently, there are no formal arrangements in place in this regard.	To ensure compliance with good practice, the feedback from full Council should be provided to the GAC further to the Annual Report being presented.	September 2024  Service Director – Democratic Services and Communication
G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Annual Governance Statement.	The Council's Local Code of Corporate Governance does not take into account the Well-being of Future Generations Act or the Local Government and Elections (Wales) Act 2021 and therefore requires review and updating.	Review and update the Council's Local Code of Corporate Governance and report to the Governance and Audit Committee for consideration / approval.	December 2024  Service Director – Finance and Improvement Services

7.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2024/25. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Governance and Audit Committee during the year to enable elected Members to review and scrutinise the extent of progress being made.

Leader: A. Morgan

Chief Executive: P. Jones

## APPENDIX A

## ANNUAL GOVERNANCE STATEMENT 2022/23 – YEAR-END POSITION STATEMENT

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified / Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2023/24
<b>Supporting Principle:</b>  B - Ensuring openness and comprehensive stakeholder engagement	Stakeholder Engagement	Issue Identified - Further work is required to develop and finalise a Participation Strategy setting out how local people are encouraged to participate in decision-making by the Council.  Recommendation - The Council should complete its work to finalise and agree its Participation Strategy and then take the necessary steps for this to be implemented.	October 2023	Service Director – Democratic Services and Communication	Public Participation Strategy agreed by full Council <u>25th October 2023</u> , with monitoring and reviewing to be taken forward by the Democratic Services Committee.
<b>Supporting Principle:</b>  C - Defining outcomes in terms of sustainable economic, social and environmental benefits	Quarterly Performance Report (including Risk Register updates)	Issue Identified - The Council's latest Self-Assessment identified the need for continued improvement in arrangements to demonstrate the impact of its work and delivery of intended outcomes, noting the requirement for the Council to re-set its arrangements following the unprecedented impact of the Covid-19 pandemic.  Recommendation - There is a need for the Council to build on the work to date to more clearly demonstrate impact and outcomes within its Self-Assessment and Performance Reporting arrangements and also incorporate service user information (this being an emerging finding from the Audit Wales review work undertaken in 2022/23).	October 2023	Senior Leadership Team	Due to the nature of the recommendation, this is an on-going area of work.  The Council is continuing to develop the collection and reporting of information, via its performance reporting and self-assessment arrangements, that will help to further demonstrate the impact of its work, for example, the inclusion of evaluative reviews of key activities and case studies within the 2023/24 Corporate Plan priority action plans. This work will be developed further as part of the Council's new Corporate Plan.

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified / Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2023/24
<b>Supporting Principle:</b>  E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	Developing the capability of the entity's leadership and other individuals	Issue Identified - The Contract and Financial Procedure Rule documents were not reviewed during 2022/23 to consider any updates required and ensure they continue to be fit for purpose.  Recommendation - Both documents should be review during 2023/24 and proposed updates signed-off, incorporated into the Council's Constitution and staff made aware of updates.	January 2024	Service Director – Finance and Improvement Services (FPRs) and Head of Procurement (CPRs)	Both documents have been reviewed and assurance in place that they continue to be fit for purpose (with an overview of both sets of Procedure Rules provided to the Governance and Audit Committee on 24 <sup>th</sup> January 2024)
<b>Supporting Principle:</b>  F - Managing risks and performance through robust internal control and strong public financial management	Risk Management Strategy	Issue Identified - Internal Audit undertook an audit assignment on the Council's Corporate Risk Management arrangements in 2022/23, concluding reasonable assurance overall, and set out recommendations to further strengthen arrangements: updating the Risk Management Strategy to include officer roles and responsibilities; Strategic risks descriptions within the Strategic Risk Register are reviewed to ensure the impact on the Council is clear; and the need to progress the compilation and roll-out of a Risk Management e-learning training module for Council officers.  Recommendation - Further strengthen risk management arrangements, as set out in the 2022/23 Internal Audit Report 'Corporate Risk Management.	September 2023	Service Director Finance and Improvement Services	The Council's Risk Management Strategy was updated to incorporate roles and responsibilities, reported to and endorsed by the Governance and Audit Committee on 12/10/2023 and approved by Cabinet on 18/12/2023.  The Council's Strategic Risk Register was reviewed and updated and reported quarterly as part of performance reporting arrangements.  An e-learning was devised and launched.

Core / Supporting Principle (Paragraph)	Local Code of Corporate Governance Requirement	Issue Identified / Recommendation	Timescale for Implementation	Responsible Officer(s)	Year-end Position Statement 2023/24
<b>Supporting Principle:</b>  F - Managing risks and performance through robust internal control and strong public financial management – continued	Medium Term Financial Plan	<p>Issue Identified - The Audit Wales Assurance and Risk Assessment Review recommended in respect of Carbon Reduction Plans – <i>'In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure it is aligned with its Medium Term Financial Plan'.</i></p> <p>Recommendation - Fully cost the Council's carbon reduction action plan and ensure alignment to the Medium Term Financial Plan, as recommended by Audit Wales in its Assurance and Risk Assessment Review.</p>	October 2023	Deputy Chief Executive and Group Director – Finance, Digital and Frontline Services and Director of Corporate Estates	<p>Work is on-going to cost the Council's carbon reduction plan, the results from which will be considered as part of the on-going implementation of the Decarbonisation Strategy and aligned to the medium-term financial plan.</p> <p>In parallel, a programme of carbon reduction projects were progressed during 2023/24, as part of service delivery arrangements, and progress updates published within quarterly Performance Reports.</p>

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## **The report of the Auditor General for Wales to the members of Rhondda Cynon Taf County Borough Council and Group**

### **Opinion on financial statements**

I have audited the financial statements of:

- Rhondda Cynon Taf County Borough Council; and
- Rhondda Cynon Taf County Borough Council Group

for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

Rhondda Cynon Taf County Borough Council's financial statements comprise the Expenditure and Funding Analysis, Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the related notes, including the significant accounting policies.

Rhondda Cynon Taf County Borough Council Group's financial statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

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

- give a true and fair view of the financial position of Rhondda Cynon Taf County Borough Council and Rhondda Cynon Taf County Borough Council Group as at 31 March 2024 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 2023-24.

### **Basis of opinion**

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

My staff and I are independent of the 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 Council's and 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 2023-24;

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

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

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

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

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

### **Responsibilities of the responsible financial officer for the financial statements**

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

- the preparation of the statement of accounts, including Rhondda Cynon Taf County Borough Council Group's 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; and
- assessing the Council's and the 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 the Council and the 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, the Council's Chief Internal Auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Council's 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.
- Obtaining an understanding of the Council's and the Group's framework of authority as well as other legal and regulatory frameworks that the Council and the 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 the Council and the Group.
- 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.
- 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 Council's 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 Rhondda Cynon Taf County Borough Council and Rhondda Cynon Taf County Borough Council Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton  
Auditor General for Wales  
15 November 2024

1 Capital Quarter  
Tyndall Street  
Cardiff,  
CF10 4BZ

The maintenance and integrity of the RCT County Borough Council website is the responsibility of the Council. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the web site

## Glossary of Terms

### **Accrual**

An accrual is a sum shown in the accounts representing income or expenditure relating to the accounting period, which had not actually been received or paid as at the date of the Balance Sheet.

### **Actuary**

An actuary is an individual or organisation that calculates insurance premiums and liabilities and pension obligations.

### **Acquisition method**

This method recognises on a line-by-line basis the assets, liabilities, reserves and revenue of the company that is being consolidated.

### **Agent**

An Agent is where the Council is acting as an intermediary.

### **Amortisation**

Charges to revenue for the estimated reduction in the value of an intangible asset.

### **Audit**

An audit is an independent examination of activities.

### **Budget**

A budget (or estimate) is a plan of income and spending, based upon which Council Tax is set. Actual expenditure is subsequently monitored against this plan.

### **Capital Expenditure**

Capital expenditure is spending on long-term assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

### **Capital Receipt**

Capital receipts are proceeds from the sale of long-term assets such as land or buildings.

### **CCRC – Cardiff Capital Region City Deal**

The Cardiff Capital Region within the City Deal is comprised of 10 local authorities; Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and the Vale of Glamorgan.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is responsible for issuing financial guidance to public bodies.

**Creditor**

A creditor is an organisation/individual owed money by the Council at the end of the financial year for goods/services received.

**Current Assets**

These are short-term assets that are available for the Council to use in the following accounting period.

**Current Liabilities**

These are short-term liabilities that are due for payment by the Council in the following accounting period.

**Debtor**

A debtor is an organisation/individual who owes the Council money at the end of the financial year for goods/services received.

**Debt Management Office (DMO)**

The DMO is an Executive Agency of Her Majesty's Treasury. Its responsibilities include debt and cash management for the UK Government, lending to Local Authorities and managing certain public sector funds.

**Defined Benefit Scheme**

A defined benefit pension scheme is one that bases retirement benefits upon Career Average Re-Valued Earnings.

**Defined Contribution Scheme**

A defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Benefits are based on the amounts credited to these accounts (through employer contributions and, if applicable, employee contributions) plus any investment earnings. Only employer contributions to the account are guaranteed, not the future benefits.

**Delegated Schools**

A delegated school is one managed independently by its Governing Body. The funds of these schools are held outside of the Council Fund balances.

**Depreciated Historic Cost (DHC)**

Depreciated Historic Cost is obtained by recording the purchase price of an asset and reducing the value over its useful economic life.

**Depreciated Replacement Cost (DRC)**

DRC is an estimation of the market value for existing use plus current gross replacement costs less allowances for deterioration.

**Depreciation**

Depreciation is the estimated loss in value of tangible long-term assets that are presented in the Balance Sheet.

**Earmarked Reserves**

These are reserves set aside for a specific purpose.

**Fair Value Hierarchy**

Level 1 – Assets and liabilities at level 1 are those where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Assets and liabilities at level 2 are those where quoted market prices are not available.

Level 3 – Assets and liabilities at level 3 are those with valuations derived from unobservable inputs, for example, assumptions about rent growth; discount rates, etc.

**Financial Year**

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

**Impairment**

Impairment occurs when the value of a long-term asset falls below the value it is currently held at in the Balance Sheet and Asset Register.

**International Accounting Standard (IAS)**

Financial Regulations to be followed as set by the International Accounting Standards Board (IASB).

**International Financial Reporting Standards (IFRS)**

International Financial Reporting Standards are produced by the IASB (International Accounting Standards Board) with the aim of ensuring consistency within the countries adopting the standards.

**Inventories**

Inventories are raw materials purchased for day-to-day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the Balance Sheet.

**Leasing**

This is a method of financing expenditure by paying the owner to use property or equipment for a number of years.

**Lessee**

User or renter of the leased asset or property. In case of capital leases, the lessee is also the 'debtor' to the lessor.

**Lessor**

Owner or the title holder of the leased asset or property. The lessor is also the lender and secured party in case of capital leases and operating leases.

**Liability**

A liability is an obligation to transfer economic benefits as a result of past transactions or events.

**Long-Term Asset**

These are assets that are used in the provision of services (usually for more than one year).

**Minimum Revenue Provision (MRP)**

MRP is a charge against revenue resources representing a repayment of debt. It is a method of paying for Capital Expenditure which was funded by borrowing.

**Modern Equivalent Valuation (MEV)**

Modern Equivalent Valuation is a method of valuation that calculates the cost of constructing modern equivalent buildings and structures, depreciating them to account for the age and future economic life.

**Non-Domestic Rates (NDR)**

The NDR, or Business Rate, is the charge to occupiers of business premises. NDR is set by central government and is a percentage of rateable values. The percentage is the same throughout Wales. The total collected is split between individual authorities in proportion to their adult populations.

**Net Realisable Value**

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

**Non-Recurring Fair Values**

These relate to assets that are measured at fair value due to particular circumstances. The assets which meet the criteria for assets held for sale are valued at the lower of non-recurring value less cost to sell, and its carrying value.

**Operating Leases**

These are leases where risks of ownership of the asset remain with the owner.

**Post Balance Sheet Events**

Post Balance Sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the understanding of the accounts.

**Precepts**

This is the amount paid to a non-rating body (for example a community council).

**Principal**

An entity is acting as a Principal when it has control of the goods and services it is providing.



**Prior Year Adjustment**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors.

**Projected Unit Method**

An actuarial method of calculating the liabilities of a pension scheme which allows for projected future increases in pensionable pay up to retirement or date of leaving service.

**Provision**

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

**Public Works Loan Board (PWLB)**

The PWLB lending facility is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury. The facility provides loans to local authorities.

**Recurring Fair Value**

These relate to assets that are measured at the end of each accounting period, within the rolling programme of valuations.

**Related Party**

A related party exists where there is control or influence by one party over another.

**Royal Institute of Chartered Surveyors (RICS) Red Book**

RICS is a professional body enforcing the highest standards in valuations. The “Red Book” contains mandatory rules and best practice guidance on these valuations.

**Settlement Hierarchy**

A way of arranging settlements in a region into a rank order by size, population or type and range of services offered.

**Soft Loans**

A soft loan is loan taken at an interest rate below the market rate.

**South East Wales Corporate Joint Committee (SEWCJC)**

This Corporate Joint Committee is a regional corporate body, with broadly similar powers and duties to local authorities but have a level of discretion on constitutional and operational arrangements.

**Strain on Funds**

When an employee retires early and is immediately paid a pension, without actuarial reduction, the lost contribution income and interest cost arising from the associated earlier increased cash flow is referred to as pension strain cost. The pension strain cost is determined by actuarial calculation.

**Sub Lease**

A sub-lease is a lease between a tenant who already holds a lease to a commercial space or property and someone (the sub-lessee) who wants to use part or all of the tenant's space. The tenant is deemed to be a sub-lessor.

**Trust Fund**

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

**Voluntary Aided School**

Voluntary aided schools are mainly religious or faith schools, although anyone can apply for a place. The governing body employs the staff and sets admissions criteria. School land and buildings are normally owned by a charitable foundation, often a religious organisation, and the governing body contributes to building and maintenance costs.

**Voluntary Controlled School**

Voluntary controlled schools are similar to voluntary aided schools, but are run by the local authority. The local authority employs the school's staff and sets the admissions criteria. School land and buildings are normally owned by a charity, often a religious organisation, which also appoints some of the members of the governing body.

**Welsh Government (WG)**

The Welsh Government is the devolved Government for Wales. The Welsh Government consists of the First Minister, Welsh Ministers, the Counsel General and Deputy Ministers. They are supported by Civil Servants who work across devolved areas of public life such as health, education and the environment.