



Cyngor Sir  
**CEREDIGION**  
County Council

# **STATEMENT OF ACCOUNTS**

for the year ending  
31st March 2025  
Pre-Audit



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## NARRATIVE REPORT

### **About Ceredigion County Council**

The County of Ceredigion covers an area of over 690 square miles of breath-taking scenery, dramatic coastline and vibrant communities. The County is geographically one of the largest in Wales and has a population figure of 73,050 per the ONS 2023 Mid-Year Estimates (being an increase of 1,582 from the 2021 Census figure of 71,468). The main towns being Aberystwyth, Cardigan, Lampeter, Llandysul, Aberaeron and Tregaron.

Ceredigion caters for many industries namely agriculture, tourism, food manufacturing companies, retail, scientific research and many other indigenous businesses. Education plays a big role within Ceredigion, with two Universities, a Further Education College, 4 primary schools. 4 Secondary and 3 All Through Schools.

Ceredigion County Council is a unitary authority formed on 1 April 1996 and is responsible for a wide range of services and activities. The Council has adopted the “Cabinet” system of administration. The Cabinet carries out the Executive functions for the Authority.

### **Governance**

The Annual Governance Statement (on pages 83 to 109) outlines the Council’s approach to ensuring that it maintains an effective system of corporate governance and internal control. The statement is produced following a review of the council's governance arrangements and includes an action plan to address any significant governance issues identified.

### **Issues and risks affecting the Council**

The Council’s corporate risks, their risk score and RAG [red (13-25), amber (6-12), green (0-5)] ratings at the start and end of the year are shown below:

Corporate Risk	Beginning of the year	End of the year
Medium Term Financial Plan	25/Red	25/Red
Information Management	16/Red	16/Red
Climate Change	25/Red	25/Red
Ash Dieback	20/Red	16/Red
Phosphates	16/Red	-
Recruitment and Retention	15/Red	15/Red
Systems End of Life	20/Red	16/Red
Cyber Resilience	20/Red	20/Red
Fire Safety & Protection Measures in Council Properties	25/Red	16/Red

- **Ash Dieback** - The risk score has decreased from 20 to 16 to reflect the work undertaken by contractors via the new Treeworks Framework. A scheme of prioritised work based on Ash Dieback survey and traffic count data continues.
- **Phosphates** – has decreased in score as a result of successful mitigating actions. It was agreed that this risk should be reduced to service level.
- **Systems End of Life** - The risk score has decreased from 20 to 16 due to the procurement of several new systems, the continued rollout of Windows 11 to users and updated servers and databases.

- **Fire Safety & Protection Measures in Council Properties** - The risk score has decreased from 25 to 16 to reflect the work that has already been undertaken on Social Care Properties and Schools.
- All other risks have no changes but mitigating actions have been reviewed.

### **Financial Strategy and Resource Allocation**

The Treasury and external forecasters are expecting a difficult period for economic growth and this provides a challenging background for the Council's budget. These are therefore difficult times from a budgetary and service delivery perspective. Demand led services such as Through Age Wellbeing, Education and the Homeless service are in particular seeing increased pressures as a result of the ongoing Cost of Living crisis.

The Council's medium term financial strategy was approved by Cabinet in September 2024 and can be viewed here:

<http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/finance/medium-term-financial-strategy/>

### **Financial Performance - Revenue**

The final overall revenue outturn position for 24/25 is a slightly increased underspend of £310k, against a 24/25 Budget of £193.6m. This equates to a variance of 0.16% and the underspend will be moved into General Balances.

The final position results in the Council's General Balances ending the year at £7.0m, equating to 3.4% of the 25/26 Budget. This is an important metric as the Council aims to keep within a target range of 3% and 5%, but year on year the %age gets naturally diluted as the Council's annual Budget increases.

The final position can be summarised as follows:

	<b>24/25 Latest Budget £'000</b>	<b>24/25 Actuals £'000</b>	<b>Under/ (Over) spend £'000</b>
<b>Total Controllable Budget</b>	<b>193,572</b>	<b>194,730</b>	<b>(1,158)</b>
<b><u>Funding</u></b>			
Council Tax	(58,286)	(59,754)	1,468
NNDR & RSG	(135,286)	(135,286)	0
<b>Total Funding</b>	<b>(193,572)</b>	<b>(195,040)</b>	<b>1,468</b>
<b>Overall Outturn Position</b>	<b>0</b>	<b>310</b>	<b>310</b>

The overall final position is also shown in the Expenditure and Funding Analysis on page 13.

Specific Earmarked reserves (excluding General Balances) have decreased at year-end from £44m to £41m (being 20% of the 25/26 Budget). It was always expected that Earmarked Reserves were at their peak at 31/03/22 (£53.9m) and would then start declining, but that this

would happen in a controlled and managed way (e.g. as matched funding is drawn down on major capital schemes).

Individual Service final positions are generally broadly in line with quarter 3 projections, with the exception of the Through Age & Wellbeing model, where the 3 Pyrths have collectively achieved a small underspend position (£169k) which is a significant improvement on the projected position at the Q3 stage and against a combined TAW budget of just under £59m. This is a phenomenal achievement given the range of pressures, challenges and complexities those Services face on a daily basis. It is the first time since the inception of the Through Age & Wellbeing model that an underspend has been achieved.

In addition the overall positive outturn position has enabled some transfers to earmarked reserves to help mitigate key risks and to continue to provide funding to assist with achieving the 4 Corporate Wellbeing Objectives. This is the only reason that the Controllable Budget is showing as having expenditure above budget.

### CONCLUSION

The financial position for 24/25 continues to demonstrate that the Council's overall financial position remains strong and resilient and that the Council's financial position is being carefully and proactively managed, despite the never-ending plethora of financial challenges.

With £41m of Earmarked Reserves and £7m in General Balances as at 31/03/25, the Council's Balance Sheet is financially resilient. However, relative to the Council's £209m budget for 25/26, the combination of Earmarked Reserves and General Balances only affords approx. 80 days worth of financial cover plus there are commitments against several Earmarked Reserves (e.g. matched funding for major capital schemes, delivery of the Digital Strategy and funding to support the delivery of the 4 Corporate Wellbeing Objectives).

The collective Team Ceredigion approach, from the Leadership Group and CLOs through to all Services and Budget-holders, continues to rise to meet the financial challenges head on and there is a strong and positive financial culture in place that is heavily focussed on achieving the 4 Corporate Wellbeing Objectives. Service Managers and the Accountancy teams are also becoming very adept at maximising and reacting to external funding opportunities, often at year-end and often at short notice - but always to the benefit of Ceredigion.

The financial outlook remains challenging both in terms of delivering against the approved 25/26 budget and the wider medium term financial outlook.

### OPINION OF THE SECTION 151 OFFICER

As part of the Budget setting process, the Section 151 officer is legally required to provide an opinion under Section 25 of the Local Government Act 2003 on the robustness of the estimates made for the purposes of the Budget calculations and also the adequacy of the proposed financial reserves.

There is now a new requirement under the Code of Practice on Local Authority Accounting that within the annual Statement of Accounts the Council explains the consideration it has given to any risk that a Section 114 notice (under the Local Government Finance Act 1988) might need to be issued in the near future or the medium term. Section 114 relates to the potential or

actual incurring of ultra vires transactions in the short term – be that an individual item or the risk of the Council facing bankruptcy and not being able to meet its financial obligations. This risk is very specific and is distinct to wider medium to long term financial planning considerations.

The Section 151 officer confirms that based on the information currently available, there is a low risk of a Section 114 notice needing to be issued in the short to medium term, provided at all times that the Council continues to pass a balanced budget by the 11th of March each year.

### **Financial Performance - Capital**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Approved Budget	61,907	50,389
Expendable Budget	61,021	49,052
Actual Expenditure	<u>64,093</u>	<u>34,403</u>
	<b><u>(3,072)</u></b>	<b><u>14,649</u></b>

Expenditure is higher than budget mainly because UKSPF expenditure (noting that Ceredigion is the lead authority for UKSPF for the Mid Wales region) was vired from revenue to capital during Quarter 4, without this there would have been a small underspend.

**Approved Budget** – is the total Capital Programme budget approved by Cabinet/Council which includes a general grants line which is not an expendable budget. This is a mechanism for adding additional approved grant schemes within the year.

**Expendable Budget** – is the total of the approved schemes within the Capital Programme excluding the general grants line.

Capital Expenditure Financing:	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
General Capital Funding	5,935	1,995
Supported Borrowing	3,803	5,555
Developing Education in Ceredigion Reserves	2,877	1,507
WG Grant received in 2023/24 towards Aberaeron Coastal Protection	0	1,944
Supported Prudential borrowing Aberaeron Coastal Protection	18,993	2,288
Creating sustainable Green and Well-Connected Communities - Reserve for Aberaeron Coastal Protection	2,564	747
Capital Receipts	805	145
Revenue/Reserve contributions	2,780	871
Grants	<u>26,336</u>	<u>19,351</u>
	<b><u>64,093</u></b>	<b><u>34,403</u></b>

## **ACCOUNTING STATEMENTS**

This Statement of Accounts has been provided to give electors, local taxpayers, Members of the Council and other interested parties information about the Council's financial position. It provides a summary of the financial position as at 31 March 2025 and includes a number of accounting statements, which show the range and scale in financial terms, of the Council's services and activities. The various services of the Council have co-operated by maintaining adequate accounting records, exercising budgetary control and providing relevant documents. This document has been prepared to meet the requirements of the Public Audit (Wales) Act 2004 (and as further specified in the Accounts and Audit (Wales) Regulations 2014) and fully reflects the Code of Practice on Authority Accounting in the United Kingdom 2024/25 requirements for accounting statements.

### Changes for 2024/25

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year.

## **CORE FINANCIAL STATEMENTS**

The Statement of Accounts comprises a number of Accounting Statements and the following notes are provided to explain their purpose.

### Expenditure and Funding Analysis

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

### Comprehensive Income and Expenditure Statement

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

### Movement in Reserves Statement

This statement shows the movement in 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 council tax) and 'unusable reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Balance Sheet

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

### Cash Flow Statement

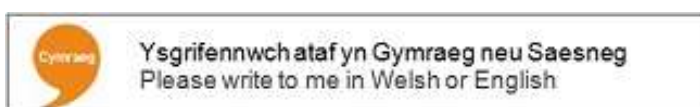
The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows 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.

### **Further Information**

Interested persons have a statutory right to inspect the Accounts before the annual audit is completed. Anyone wishing further information or explanation on the Accounts should contact:

**Finance and Procurement**

E-mail: [df.technicians@ceredigion.gov.uk](mailto:df.technicians@ceredigion.gov.uk)



**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 that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Lead Officer: Finance & Procurement.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

**THE RESPONSIBILITIES OF THE CORPORATE LEAD OFFICER: FINANCE & PROCUREMENT**

The Corporate Lead Officer: Finance & Procurement is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Corporate Lead Officer: Finance & Procurement has:

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

The Corporate Lead Officer: Finance & Procurement has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2025.

Corporate Lead Officer: Finance & Procurement

16 July 2025

**THE INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES  
TO THE MEMBERS OF CEREDIGION COUNTY COUNCIL**







**EXPENDITURE AND FUNDING ANALYSIS 2024/25**

<b>2024/25</b>	<b>Outturn £'000</b>	<b>Transfers (to)/from Earmarked Reserves (Note 1.8) £'000</b>	<b>Net Expenditure Chargeable to the General Fund £'000</b>	<b>Adjustments between Funding &amp; Accounting Basis (Note 1.1 &amp; 1.7) £'000</b>	<b>Net Expenditure in the Comprehensive Income &amp; Expenditure Statement £'000</b>
Customer Contact, ICT & Digital	6,673	(296)	6,377	299	6,676
Democratic Services	5,159	(140)	5,019	161	5,180
Economy & Regeneration	3,735	(433)	3,302	2,163	5,465
Finance & Procurement	19,605	585	20,190	(5,152)	15,038
Highways & Environmental	19,974	3,260	23,234	43	23,277
Legal & Governance	1,695	36	1,731	29	1,760
People & Organisation	2,435	0	2,435	68	2,503
Policy, Performance & Public Protection	2,348	(50)	2,298	99	2,397
<u>Pyrth Through Age Model</u>					
Porth Cymorth Cynnar	3,736	(155)	3,581	3,124	6,705
Porth Cynnal	37,716	506	38,222	615	38,837
Porth Gofal	17,130	502	17,632	588	18,220
	<b>58,582</b>	<b>853</b>	<b>59,435</b>	<b>4,327</b>	<b>63,762</b>
Schools & Lifelong Learning	57,693	2,470	60,163	40,492	100,655
Leadership Group	8,653	321	8,974	(755)	8,219
Levies, Council Tax Premium & Reserves	8,178	(3,651)	4,527	(4,405)	122
<b>NET COST OF SERVICES</b>	<b>194,730</b>	<b>2,955</b>	<b>197,685</b>	<b>37,369</b>	<b>235,054</b>
<b>Other Income and Expenditure</b>	<b>(195,040)</b>	<b>0</b>	<b>(195,040)</b>	<b>(11,664)</b>	<b>(206,704)</b>
<b>(Surplus) or Deficit</b>	<b>(310)</b>	<b>2,955</b>	<b>2,645</b>	<b>25,705</b>	<b>28,350</b>
<b>General Fund Opening Balance</b>	<b>(6,704)</b>	<b>(43,984)</b>	<b>(50,688)</b>		
<b>(Surplus) or Deficit</b>	<b>(310)</b>	<b>2,955</b>	<b>2,645</b>		
<b>General Fund Closing Balance</b>	<b>(7,014)</b>	<b>(41,029)</b>	<b>(48,043)</b>		



**EXPENDITURE AND FUNDING ANALYSIS 2023/24**

<b>2023/24</b>	<b>Outturn £'000</b>	<b>Transfers (to)/from Earmarked Reserves (Note 1.8) £'000</b>	<b>Net Expenditure Chargeable to the General Fund £'000</b>	<b>Adjustments between Funding &amp; Accounting Basis (Note 1.1 &amp; 1.7) £'000</b>	<b>Net Expenditure in the Comprehensive Income &amp; Expenditure Statement £'000</b>
Customer Contact, ICT & Digital	6,186	(388)	5,798	390	6,188
Democratic Services	4,698	(12)	4,686	140	4,826
Economy & Regeneration	3,966	(22)	3,944	1,974	5,918
Finance & Procurement	16,626	(165)	16,461	(2,581)	13,880
Highways & Environmental	19,212	649	19,861	2,074	21,935
Legal & Governance	1,694	(39)	1,655	18	1,673
People & Organisation	2,390	17	2,407	72	2,479
Policy, Performance & Public Protection	2,241	0	2,241	94	2,335
<u>Pyrth Through Age Model</u>					
Porth Cymorth Cynnar	3,751	0	3,751	3,527	7,278
Porth Cynnal	36,000	1,075	37,075	(334)	36,741
Porth Gofal	14,923	544	15,467	635	16,102
	54,674	1,619	56,293	3,828	60,121
Schools & Culture	55,985	3,098	59,083	7,336	66,419
Leadership Group	7,380	(336)	7,044	129	7,173
Levies, Council Tax Premium & Reserves	5,104	399	5,503	(4,868)	635
<b>NET COST OF SERVICES</b>	<b>180,156</b>	<b>4,820</b>	<b>184,976</b>	<b>8,606</b>	<b>193,582</b>
<b>Other Income and Expenditure</b>	<b>(180,146)</b>	<b>0</b>	<b>(180,146)</b>	<b>(26,012)</b>	<b>(206,158)</b>
<b>(Surplus) or Deficit</b>	<b>10</b>	<b>4,820</b>	<b>4,830</b>	<b>(17,406)</b>	<b>(12,576)</b>
<b>General Fund Opening Balance</b>	<b>(6,714)</b>	<b>(48,804)</b>	<b>(55,518)</b>		
<b>(Surplus) or Deficit</b>	<b>10</b>	<b>4,820</b>	<b>4,830</b>		
<b>General Fund Closing Balance</b>	<b>(6,704)</b>	<b>(43,984)</b>	<b>(50,688)</b>		



**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

		2024/25		
		Gross Exp £'000	Gross Inc £'000	Net Exp £'000
	Note			
Customer Contact, ICT & Digital		8,169	(1,493)	6,676
Democratic Services		5,807	(627)	5,180
Economy & Regeneration		12,571	(7,106)	5,465
Finance & Procurement		28,347	(13,309)	15,038
Highways & Environmental		31,609	(8,332)	23,277
Legal & Governance		1,826	(66)	1,760
People & Organisation		3,903	(1,400)	2,503
Policy, Performance & Public Protection		3,527	(1,130)	2,397
<u>Pyrth Through Age Model</u>				
Porth Cymorth Cynnar		17,496	(10,791)	6,705
Porth Cynnal		53,963	(15,126)	38,837
Porth Gofal		26,834	(8,614)	18,220
		98,293	(34,531)	63,762
Schools & Lifelong Learning		124,986	(24,331)	100,655
Leadership Group		10,768	(2,549)	8,219
Levies, Council Tax Premium & Reserves		122	0	122
<b>COST OF SERVICES</b>		<b>329,928</b>	<b>(94,874)</b>	<b>235,054</b>
Other operating expenditure	1.9	17,523	(87)	17,436
Financing and investment income and expenditure	1.10	3,978	(2,709)	1,269
Taxation and non-specific grant income	1.11	0	(225,409)	(225,409)
<b>(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES</b>		<b>351,429</b>	<b>(323,079)</b>	<b>28,350</b>
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(39,263)
Remeasurement of the net defined benefit liability (asset)	1.37			846
<b>OTHER COMPREHENSIVE INCOME AND EXPENDITURE</b>				<b>(38,417)</b>
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>				<b>(10,067)</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)**

		2023/24		
		Gross Exp £'000	Gross Inc £'000	Net Exp £'000
	Note			
Customer Contact, ICT & Digital		6,915	(727)	6,188
Democratic Services		4,902	(76)	4,826
Economy & Regeneration		12,818	(6,900)	5,918
Finance & Procurement		28,076	(14,196)	13,880
Highways & Environmental		30,656	(8,721)	21,935
Legal & Governance		1,766	(93)	1,673
People & Organisation		3,630	(1,151)	2,479
Policy, Performance & Public Protection		3,363	(1,028)	2,335
<u>Pyrth Through Age Model</u>				
Porth Cymorth Cynnar		18,507	(11,229)	7,278
Porth Cynnal		52,572	(15,831)	36,741
Porth Gofal		23,870	(7,768)	16,102
		94,949	(34,828)	60,121
Schools & Culture		89,996	(23,577)	66,419
Leadership Group		7,928	(755)	7,173
Levies, Council Tax Premium & Reserves		635	0	635
<b>COST OF SERVICES</b>		<b>285,634</b>	<b>(92,052)</b>	<b>193,582</b>
Other operating expenditure	1.9	16,659	0	16,659
Financing and investment income and expenditure	1.10	2,736	(3,231)	(495)
Taxation and non-specific grant income	1.11	0	(222,322)	(222,322)
<b>(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES</b>		<b>305,029</b>	<b>(317,605)</b>	<b>(12,576)</b>
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(27,460)
Remeasurement of the net defined benefit liability (asset)	1.37			44,977
<b>OTHER COMPREHENSIVE INCOME AND EXPENDITURE</b>				<b>17,517</b>
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>				<b>4,941</b>



## MOVEMENT IN RESERVES STATEMENT

**2024/25**

Note	General Fund Balance	Earmarked Reserves	TOTAL	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31/03/24</b>	<b>(6,704)</b>	<b>(43,984)</b>	<b>(50,688)</b>	<b>(6,620)</b>	<b>(4,094)</b>	<b>(61,402)</b>	<b>(376,578)</b>	<b>(437,980)</b>
(Surplus) or deficit on provision of services	28,350	0	28,350	0	0	28,350	0	28,350
Other Comprehensive Expenditure & Income	0	0	0	0	0	0	(38,417)	(38,417)
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>28,350</b>	<b>0</b>	<b>28,350</b>	<b>0</b>	<b>0</b>	<b>28,350</b>	<b>(38,417)</b>	<b>(10,067)</b>
Adjustments between accounting basis & funding basis under regulations	1.7 (25,705)	0	(25,705)	545	3,009	(22,151)	22,151	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>2,645</b>	<b>0</b>	<b>2,645</b>	<b>545</b>	<b>3,009</b>	<b>6,199</b>	<b>(16,266)</b>	<b>(10,067)</b>
Transfers to/from Earmarked Reserves	1.8 (2,955)	2,955	0	0	0	0	0	0
<b>(Increase)/Decrease</b>	<b>(310)</b>	<b>2,955</b>	<b>2,645</b>	<b>545</b>	<b>3,009</b>	<b>6,199</b>	<b>(16,266)</b>	<b>(10,067)</b>
<b>Balance at 31/03/25</b>	<b>(7,014)</b>	<b>(41,029)</b>	<b>(48,043)</b>	<b>(6,075)</b>	<b>(1,085)</b>	<b>(55,203)</b>	<b>(392,844)</b>	<b>(448,047)</b>

**2023/24**

Note	General Fund Balance	Earmarked Reserves	TOTAL	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31/03/23</b>	<b>(6,714)</b>	<b>(48,804)</b>	<b>(55,518)</b>	<b>(6,241)</b>	<b>(3,501)</b>	<b>(65,260)</b>	<b>(377,661)</b>	<b>(442,921)</b>
(Surplus) or deficit on provision of services	(12,576)	0	(12,576)	0	0	(12,576)	0	(12,576)
Other Comprehensive Expenditure & Income	0	0	0	0	0	0	17,517	17,517
<b>Total Comprehensive Expenditure &amp; Income</b>	<b>(12,576)</b>	<b>0</b>	<b>(12,576)</b>	<b>0</b>	<b>0</b>	<b>(12,576)</b>	<b>17,517</b>	<b>4,941</b>
Adjustments between accounting basis & funding basis under regulations	1.7 17,406	0	17,406	(379)	(593)	16,434	(16,434)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>4,830</b>	<b>0</b>	<b>4,830</b>	<b>(379)</b>	<b>(593)</b>	<b>3,858</b>	<b>1,083</b>	<b>4,941</b>
Transfers to/from Earmarked Reserves	1.8 (4,820)	4,820	0	0	0	0	0	0
<b>(Increase)/Decrease</b>	<b>10</b>	<b>4,820</b>	<b>4,830</b>	<b>(379)</b>	<b>(593)</b>	<b>3,858</b>	<b>1,083</b>	<b>4,941</b>
<b>Balance at 31/03/24</b>	<b>(6,704)</b>	<b>(43,984)</b>	<b>(50,688)</b>	<b>(6,620)</b>	<b>(4,094)</b>	<b>(61,402)</b>	<b>(376,578)</b>	<b>(437,980)</b>

**BALANCE SHEET**

	<b>Note</b>	<b>£'000</b>	<b>31/03/25 £'000</b>	<b>31/03/24 £'000</b>
<b><u>ASSETS</u></b>				
Property, Plant and Equipment	1.13	360,886		348,591
Infrastructure	1.13	177,965		148,264
Investment Property	1.14	21,782		19,279
Heritage Assets	1.15	2,661		3,797
Intangible Assets		144		16
Long Term Debtors	1.17	4,430		4,503
<b>LONG TERM ASSETS</b>			<b>567,868</b>	<b>524,450</b>
Short Term Investments	1.18	15,146		16,162
Assets Held for Sale		290		120
Inventories		678		779
Short Term Debtors	1.21	59,174		37,501
Cash and Cash Equivalents	1.22	8,899		19,397
<b>CURRENT ASSETS</b>			<b>84,187</b>	<b>73,959</b>
<b>TOTAL ASSETS</b>			<b>652,055</b>	<b>598,409</b>
<b><u>LIABILITIES</u></b>				
Short Term Borrowing	1.24	(1,848)		(6,340)
Short Term Creditors	1.23	(60,877)		(43,534)
Short Term Provisions		(110)		(104)
Donated Inventories Account		(211)		(245)
<b>CURRENT LIABILITIES</b>			<b>(63,046)</b>	<b>(50,223)</b>
Long Term Creditors		(1,330)		(1,164)
Long Term Borrowing	1.24	(127,089)		(102,610)
Other Long Term Liabilities	1.25	(10,138)		(5,182)
Capital Grants Receipts in Advance		(2,405)		(1,250)
<b>LONG TERM LIABILITIES</b>			<b>(140,962)</b>	<b>(110,206)</b>
<b>TOTAL LIABILITIES</b>			<b>(204,008)</b>	<b>(160,429)</b>
<b>NET ASSETS</b>			<b>448,047</b>	<b>437,980</b>
Usable Reserves	1.26	(55,203)		(61,402)
Unusable Reserves	1.27	(392,844)		(376,578)
<b>TOTAL RESERVES</b>			<b>(448,047)</b>	<b>(437,980)</b>



**CASH FLOW STATEMENT**

	Note	2024/25 £'000	2023/24 £'000
<b>OPERATING ACTIVITIES</b>			
<b>Net Surplus/(Deficit) on the Provision of Services</b>		<b>(28,350)</b>	<b>12,576</b>
<b>Non cash transactions</b>			
Depreciation and Impairment		49,486	16,616
Capital Grants and contributions		(17,609)	(30,556)
Pension Fund adjustments		2,023	43
		<u>5,550</u>	<u>(1,321)</u>
<b>Adjustments for items reported separately on Cashflow</b>			
(Gain)/Loss on the disposal of Fixed Assets		0	551
<b>Items on an accrual basis</b>			
(Increase)/decrease in Inventories		67	(23)
(Increase)/decrease in Debtors		(20,965)	(1,257)
Increase/(decrease) in Creditors		12,852	9,345
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	1.28	<b><u>(2,496)</u></b>	<b><u>7,295</u></b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase of fixed assets		(50,911)	(26,590)
Purchase of short term investments		(42,601)	(66,000)
Other Capital cash payments		<u>(986)</u>	<u>(649)</u>
		(94,498)	(93,239)
<b>Cash Inflows</b>			
Sale of fixed assets		81	439
Capital grants received		16,604	18,588
Proceeds from short term investments		43,617	61,464
Other Capital Cash Receipts		<u>2,006</u>	<u>928</u>
		62,308	81,419
<b>Net Cash Flows from Investing Activities</b>		<b><u>(32,190)</u></b>	<b><u>(11,820)</u></b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Repayment of short term and long term borrowing		(4,807)	(1,232)
Payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts		2,087	(90)
		<u>(2,720)</u>	<u>(1,322)</u>
<b>Cash Inflows</b>			
New Loans Raised		26,908	0
<b>Net Cash Flows from Financing Activities</b>		<b><u>24,188</u></b>	<b><u>(1,322)</u></b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>(10,498)</u></b>	<b><u>(5,847)</u></b>
<b>Cash and Cash Equivalents at beginning of the year</b>		<b>19,397</b>	<b>25,244</b>
<b>Cash and Cash Equivalents at end of the year</b>	1.22	<b>8,899</b>	<b>19,397</b>

## NOTES TO THE STATEMENT OF ACCOUNTS

## 1.1 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
<b>2024/25</b>				
Customer Contact, ICT & Digital	149	132	18	299
Democratic Services	17	120	24	161
Economy & Regeneration	794	193	1,176	2,163
Finance & Procurement	272	223	(5,647)	(5,152)
Highways & Environmental Services	(557)	252	348	43
Legal & Governance	0	28	1	29
People & Organisation	0	57	11	68
Policy, Performance & Public Protection	8	76	15	99
<u>Pyrth Through Age Model</u>				
Porth Cymorth Cynnar	3,004	170	(50)	3,124
Porth Cynnal	898	123	(406)	615
Porth Gofal	264	328	(4)	588
	<b>4,166</b>	<b>621</b>	<b>(460)</b>	<b>4,327</b>
Schools & Lifelong Learning	39,310	560	622	40,492
Leadership Group	(995)	13	227	(755)
Levies, Council Tax Premium & Reserves	(341)	0	(4,064)	(4,405)
<b>NET COST OF SERVICES</b>	<b>42,823</b>	<b>2,275</b>	<b>(7,729)</b>	<b>37,369</b>
<b>Other Income and Expenditure</b>	(19,348)	(252)	7,936	(11,664)
<b>Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>23,475</b>	<b>2,023</b>	<b>207</b>	<b>25,705</b>

**NOTE A – Adjustments for Capital Purposes**

This column adjusts for depreciation, impairment, revaluation gains and losses, gains and losses on disposal of assets, capital grants and capital expenditure funded from revenue.

**NOTE B - Net Change for Pensions Adjustments**

This column shows the adjustments required to comply with IAS19 Employee Benefits - specifically the removal of employee pension contributions made by the Council as allowed by statute, the replacement with current service costs and past service costs as calculated by the actuary, and the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

**NOTE C - Other Differences**

This column includes other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustments to realign expenditure and income in accordance with the code and adjustments for the Accumulated Absences accrual.

	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
<b>2023/24</b>				
Customer Contact, ICT & Digital	247	157	(14)	390
Democratic Services	8	134	(2)	140
Economy & Regeneration	1,005	206	763	1,974
Finance & Procurement	252	241	(3,074)	(2,581)
Highways & Environmental Services	1,798	299	(23)	2,074
Legal & Governance	0	32	(14)	18
People & Organisation	0	70	2	72
Policy, Performance & Public Protection	8	91	(5)	94
<u>Pyrth Through Age Model</u>				
Porth Cymorth Cynnar	3,357	203	(33)	3,527
Porth Cynnal	5	160	(499)	(334)
Porth Gofal	293	338	4	635
	<u>3,655</u>	<u>701</u>	<u>(528)</u>	<u>3,828</u>
Schools & Lifelong Learning	7,351	711	(726)	7,336
Leadership Group	117	15	(3)	129
Levies, Council Tax Premium & Reserves	0	0	(4,868)	(4,868)
<b>NET COST OF SERVICES</b>	<b>14,441</b>	<b>2,657</b>	<b>(8,492)</b>	<b>8,606</b>
<b>Other Income and Expenditure</b>	<b>(30,190)</b>	<b>(2,614 )</b>	<b>6,792</b>	<b>(26,012)</b>
<b>Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b><u>(15,749)</u></b>	<b><u>43</u></b>	<b><u>(1,700)</u></b>	<b><u>(17,406)</u></b>

## 1.2 ACCOUNTING POLICIES

### i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, and those Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### ii. Accruals of Income and Expenditure

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

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

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

The only exception to this are some regular payments where the revenue accounts are charged with the number of payments in the year. This policy is consistently applied each year and does not have a material effect on the year's Accounts.

### **iii. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts.

### **iv. Exceptional Items**

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

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

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

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

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



**vi. Charges to Revenue for Non-Current Assets**

Services and support services are debited with the following amounts to record the cost of holding 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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account (which is included in Unusable Reserves) in the Movement in Reserves Statement for the difference between the two.

**vii. Employee Benefits****Benefits Payable During Employment**

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence earned.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance or redundancy. Such amounts are charged on an accruals basis to Surplus or Deficit on the Provision of Service when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary severance or redundancy.

**Post Employment Benefits**

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) for the Westminster Government.
- The Local Government Pension Scheme, administered by Carmarthenshire County Council (and referred to as the Dyfed Pension Fund).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. However, arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet. The Schools and Lifelong Learning line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme in the year.

### The Local Government Pension Scheme

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

- Assets/Liabilities and service costs of the Dyfed Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. The objective under this method is to expense each participant's benefits under the fund as they would accrue, taking into account future compensation increases and the fund's benefit allocation formula. Thus the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.
- The Benefit obligation is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the service cost is the total present value of the individuals' benefits attributable to service during the year.
- Liabilities are discounted to their value at current prices, using a discounted rate of 5.8%.
- The assets of the Dyfed Pension Fund attributable to the Council are included in the balance sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- The change in the net pensions asset/liability is analysed into the following components:
  - Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to services for which the employees worked
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance Service
  - Re-measurements comprising:
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
    - contributions paid to the Dyfed Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

### Discretionary Benefits

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

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

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

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

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

### **ix. Fair Value Measurement**

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

- in the principal market for the asset
- in the absence of a principal market, in the most advantageous market for the asset (highest and best use)

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

Inputs to the valuation techniques in respect of assets or liabilities for which fair value is measured or disclosed in the accounts are categorised within the fair value hierarchy, as follows:

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

### **x. Financial Instruments**

#### **Financial Liabilities**

Financial liabilities are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure lines in the Comprehensive Income and Expenditure Statement in the year of re-purchase/settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. Where premiums or discounts are incurred that formally meet the terms of a debt restructuring exercise, they are accounted for as an adjustment to the carrying amount of the replacement loan or loans. If they do not meet these terms, they are spread over the longer of the outstanding term on the replaced loan or the term of the replacement loan (premiums) or the outstanding term on the replaced loan up to a maximum of ten years (discounts). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The fair value calculations have been based on the comparable new borrowing rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities.

### **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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets measured at amortised cost**

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

interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council recognises expected credit losses on its financial assets held at amortised cost. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

#### **xi. Government Grants and Contributions**

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

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

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

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

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

#### **xii. Heritage Assets**

The Council's Heritage Assets are primarily held to preserve items which were common in the district or were unique to it or relate to a significant historical event or person with local connections. They are held in a variety of locations across the county, but most remain in the main Coliseum Museum in Aberystwyth. They are generally held in accordance with the Council's accounting policies on Property, Plant and Equipment but some rules are relaxed in relation to specific assets for reasons described below.

##### Art Collection

The Council has approximately 190 pieces of art, both contemporary and historic, spread throughout its museums, council offices and leisure centres across Ceredigion. Most are of relatively insignificant value, well below the de minimis value of £10,000 applied for entry onto the Council's asset register. However four were specifically identified as being above this value by an appropriately qualified External Valuer and included in the Balance Sheet

since 2011. They were revalued for insurance purposes at market value in 2023 and the condition of the items has not changed since this valuation. These are presumed to have an indeterminate life and thus it is not considered appropriate to apply depreciation.

#### Civic Regalia

The Council has four official chains of office held for the Chairman, Vice-Chairman and their consorts. Only the Chairman's Chain is considered to be worth more than the de minimis level, based on the market values of the metals used in their composition. It has therefore been valued and is included in the Balance Sheet at this amount. It will not be depreciated as it has an indeterminate life, but will periodically be considered for revaluation based on the market price of precious metals.

#### Historic Sites and Buildings

The Council owns and is responsible for the preservation and display of a number of historic sites and buildings throughout Ceredigion, including two castles. As there is no reliable way of valuing such items, due to the lack of a contemporary market, they are held in the balance sheet at historic cost.

#### Miscellaneous Exhibits

The Council's main museum at The Coliseum, Aberystwyth contains a large number of exhibits. However, because of low estimated values of each individual item and the lack of a contemporary market for many of the items, the Council considers the costs of a valuation exercise would considerably exceed the value of such a process to the users of the accounts and therefore no such exercise has taken place.

There are also thirteen large and/or potentially valuable items at the museum which have been valued for insurance purposes. Although individually the values are less than the £10,000 de minimis level they are significant in total, so have been added to the register and balance sheet as a single item. They will be treated in the same manner as the artworks and not depreciated. If the council makes any significant new purchase it will be added at cost until the next valuation takes place.

#### Heritage Assets General

If there is any evidence of impairment then the carrying amounts of the balance sheet will be reviewed, although it is expected such events will be rare. Any such impairment will be treated in a similar way to impairment on Property, Plant and Equipment assets. If any disposals are made they will also be accounted for in the same manner as Property, Plant and Equipment but disposal proceeds will be identified separately in the notes. There were no disposals in the period under consideration for this set of accounts and it is not expected they will be a common event as the collection is fairly static in nature.

### **xiii. Intangible Assets**

These are separately identifiable assets that lack physical substance but still provide future economic benefits to the Council. Generally the expenditure on these assets will be charged to the relevant service heading in Comprehensive income and Expenditure Statement the year in which it is incurred. However, if the benefits incurred exceed one year, for example a software licence covering a period above that, then they may be capitalised at cost and amortised over a period consistent with the consumption of their economic benefits.

### **xiv. Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

**xv. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**xvi. Jointly Controlled Operations and Jointly Controlled Assets**

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

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

**xvii. Leases****The Council as Lessee**

Following the mandatory adoption of IFRS16 from 1 April 2024, the authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

**Initial measurement**

Leases are recognised as right-of-use (ROU) assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The Council has elected to apply recognition exemptions to low value assets (below £10,000 when purchased) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate, as the interest rate implicit in the lease cannot usually be determined. The asset life is usually the lease period (or lease

period remaining at 1 April 2024 for existing leases at that date). For leases still being renegotiated at the time of assessment, a ten-year extension is assumed unless better information is available. For peppercorn leases, the asset is measured at fair value though, if a premium has been paid that will be considered a reasonable proxy thereof.

### **Subsequent measurement**

The right-of-use asset is subsequently remeasured using the fair value model when there is a change of rent or other relevant circumstances. The authority considers the cost model to be a reasonable proxy except for peppercorn and other nil consideration leases, which may require a revaluation using market prices or rentals for equivalent land and properties if considered appropriate.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The Council as Lessor**

#### **Finance Leases**

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

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

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



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

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Where the lease term is indeterminate, or not specified, the term will be assumed to be 125 years for the purposes of the Statement of Accounts.

### **xviii. Long Term Contracts**

Amounts due under long term contracts are charged to revenue as they fall due under the terms of the contract.

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

The Council's Minimum Revenue Provision (MRP) Policy follows the principles of the guidance issued by the Welsh Government under section 21(1A) of the Local Government Act 2003 through using one of the options outlined in the guidance.

The major proportion of the MRP continues to relate to the historic debt liability that existed pre 2008 or post 2008 where it relates to Supported Borrowing funded by the Welsh Government. The MRP liability on the Council's Capital Financing Requirement that relates to pre 2008 debt and post 2008 Supported Borrowing funded through the Revenue Support Grant (RSG) system will be provided for using Option 3 (Asset life method) of the 2018 Welsh Government guidance and applying the Annuity Method with an interest rate of 4.2% (the average borrowing rate of loans outstanding as of 01/04/21) over a 44 year period commencing 1st April 2021. The period consists of the 50 year period selected to match the average lives of Council Assets not specifically financed by Unsupported Borrowing after 1st April 2008, less the six years expired since it was initially applied on 1st April 2015. As further new Supported Borrowing is utilised in the Capital Programme, the MRP liability on each new tranche of such borrowing will also be provided for using Option 3 of the 2018 guidance and applying the Annuity Method. Expenditure that was financed by Unsupported Prudential Borrowing will be provided for using Option 3 (Asset life method) of the 2018 guidance and applying the Annuity Method with an interest rate of 3.68% (the weighted average interest rate of the borrowing concerned) over a 38 year period (the weighted average remaining life of the relevant assets) commencing 1st April 2021. As further Unsupported Prudential Borrowing is utilised in the Capital Programme, the MRP liability reflected within the Capital Financing Requirement will also be charged over a period commensurate with the average estimated useful life of assets using Option 3 and the Annuity Method.

Estimated life periods have been determined in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

Where an asset is under construction, the Council reserves the right to not make an MRP charge until the financial year after that in which the capital expenditure is incurred and in the case of a new asset comes into service use

The Council continues the principle of not charging MRP on any temporary unsupported (Prudential) borrowing. At present, only Welsh Government repayable funding for Housing Improvements and Empty Properties is treated in this manner.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

According to the Code, assets held under PFI schemes and finance leases are subject to MRP in the same way as assets acquired using other forms of borrowing. Under regulations and statutory guidance, these charges can match the repayment of the liability. The increase in the MRP due to the finance lease assets has therefore been charged at the same rate as the write down of the corresponding liability on the balance sheet so that there will be no overall impact on the General Fund Balances of the Council. The MRP due to the Ysgol Gyfun Penweddig PFI assets, which was historically treated on a similar basis to finance lease assets, was delinked in 2017/18 and will be written down over the remaining lifespan of the Ysgol Gyfun Penweddig buildings on an annuity basis instead.

## **xx. Overheads and Support Services**

The Comprehensive Income and Expenditure Statement is prepared on a Service basis in line with the Council's in-year reporting. As such, the recharging of overhead and support services costs are excluded from the Comprehensive Income and Expenditure Statement.

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

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Voluntary Controlled and Voluntary Aided School buildings are not included on the Balance Sheet as they are not Council assets.

If any material part of a building has a significantly shorter lifespan than the main structure and the value of that part is more than £10,000, then it is considered a component to be separately identified on the Council's asset register. Any such components identified within the new capital expenditure are valued separately when initially added to the asset register (or when the asset is transferred out of Assets under Construction for newly constructed buildings).

**Recognition** – Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided 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. A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10k is included within capital spend. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is not added to fixed assets in the Balance Sheet but is charged as an expense as it is incurred. This entry is then reversed out to the Capital Adjustment Account to ensure there is no impact on Council Tax Levels.

**Measurement** – Assets are initially measured at cost, comprising:

- a) the purchase price
- b) 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
- c) 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 incurred whilst assets are under construction.

The costs 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.

Assets are then carried in the balance sheet using the following measurement basis:

- Vehicles, Plant, Furniture and Equipment and Infrastructure Assets – Depreciated Historical Cost
- Assets under construction, Community Assets and some Heritage Assets – Historical Cost
- Assets Held for Sale – Lower of Carrying Amount and Fair value less costs to sell
- All other assets – Fair value, determined by Market Value

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair 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 fair value.

Assets included in the Balance Sheet at fair value consist mostly of Other Land and Buildings and this category is split into five subcategories. Each subcategory as a whole is revalued every five years. The current timetable for asset revaluations is given below:

<b>2025/26</b>	Offices and other Operational Buildings
<b>2026/27</b>	Social Services Buildings
<b>2027/28</b>	Car Park and Miscellaneous Land Assets
<b>2028/29</b>	Public Buildings (Leisure Centres, Public Conveniences, Theatres & Swimming pools), Heritage Assets (where held at Fair Value)
<b>2029/30</b>	Educational Buildings (Primary, Secondary & all-through schools, Youth Clubs & Referral Units)

Surplus Assets are considered for revaluation based on when it is five years from their last revaluation, so it will be dependent on which of the categories they were transferred into Surplus from.

Further revaluations may take place between the scheduled investigations where the Valuers deem there have been material changes in the value of the relevant asset or assets.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, 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 the 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 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment – Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount 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 has not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, Heritage Assets and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – Straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – Straight line depreciation of the historic cost over the remaining expected life of the asset. Vehicles are given a residual value of 10% of the initial purchase price to reflect their potential resale value
- Infrastructure – Straight line depreciation of historic cost over the remaining expected life of the asset

Acquisitions and disposals of fixed assets are added to the asset register as at their date of purchase or sale in the relevant accounting year and are therefore depreciated in the usual manner for the year from that date if they are in a category which is normally depreciable.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (more than £10,000) and whose lifespan is materially different to the host asset, the components are depreciated separately according to the differing estimated lives.

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.

Disposals – 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 will in most cases be reclassified as an Asset Held for Sale. In order for this category transfer to take place, the asset must meet the following criteria:

- It must be available for sale in its current condition and subject to normal terms of sale
- The decision to make the sale must have been made at the appropriate level of management
- The asset must be actively marketed at an appropriate price
- The sale must be expected to be completed within one year

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets no longer in use that fail to meet all of the above criteria or are to be abandoned or scrapped are normally reclassified as Surplus Assets, unless the Council is not actively marketing the property because it is waiting for prices in the market to rise, in which case the asset might be categorised as an Investment Property. Surplus Assets are depreciated in a normal fashion, however the depreciation is charged to non-distributed costs and not the original service account as the asset is no longer in use.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals 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 disposal in excess of £10k are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**xxii. Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibilities for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Ysgol Gyfun Penweddig PFI scheme, the liability was written down by an initial capital contribution of £12,027,000.

Long term assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into four elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 4.5% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile for write downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of amounts payable is recognised as an enhancement to and a corresponding impairment of the Penweddig School asset in Property, Plant and Equipment when the relevant works are eventually carried out. It will have no net effect on the Balance Sheet.

A fifth element, contingent rents was derecognised from 1 April 2024 when IFRS16 was adopted into the CIPFA Code of Practice for 2024/25. A reassessment of the Penweddig PFI scheme was carried out by MUFG Corporate Markets on the Council's behalf and, as part of that review, the contingent rents were incorporated into the finance costs and payments towards a revised liability.

**xxiii. Provisions, Contingent Liabilities and Contingent Assets****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 included in the accounts may not be legally enforceable and may only be inferred from a set of facts in a particular situation therefore the inclusion of them in the accounts does not mean that liability has been accepted.

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 made), the provision is reversed and credited back to the relevant service. Regulations provide the power to make an adjusting entry for certain provisions in the Net Cost of Services and the Balance Sheet.

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

### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They include situations when legal proceedings and other claims covering a range of matters are pending. They concern difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome.

### **Contingent Assets**

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

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

### **xxiv. 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 General 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 against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current fixed assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **xxv. Revenue Expenditure Funded from Capital under Statute**

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

**xxvi. Value Added Tax (VAT)**

The Accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable.

**1.3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice requires that the Council discloses 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.

As at 31<sup>st</sup> March 2025 there are no relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have a significant impact in the financial statements.

**1.4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

**Future levels of funding**

There is a high degree of uncertainty about future levels of funding for local government with continued one year only settlements at both Westminster and Welsh Government level.

**Voluntary Controlled and Voluntary Aided Schools**

Voluntary Controlled and Voluntary Aided school buildings remain off the Balance Sheet as it has been confirmed that they are not Council assets.

**Corporate Joint Committees**

Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.

**1.5 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2025 for which there is a risk of adjustment in following financial years are:

**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 expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged by Carmarthenshire County Council as the lead Pension Authority to ensure that the Council receives expert advice about the assumptions to be applied.

**Impairment Allowance**

It is difficult to estimate with certainty the level of impairment allowance required for the various types of debt.

**Land and Buildings Valuation**

Valuations undertaken in the years 2020/21 to 2023/24 have been reviewed and some valuations have changed as a result of significant increases to building costs or income generated from the asset.



**1.6 EXPENDITURE AND INCOME ANALYSED BY NATURE**

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

	<b>2024/25</b>	<b>Restated</b>
	<b>£'000</b>	<b>2023/24</b>
		<b>£'000</b>
<b>Controllable Expenditure</b>		
Employees	132,109	123,629
Premises	12,840	11,272
Transport	12,184	11,748
Supplies and Services	150,112	139,616 *
<b>Total Expenditure</b>	<b>307,245</b>	<b>286,265</b>
<b>Controllable Income</b>		
Grants	(62,861)	(59,215)
Other Income	(41,514)	(37,194)
Contract Services/Schools	(5,184)	(4,880) *
<b>Total Income</b>	<b>(109,559)</b>	<b>(101,289)</b>
<b>Controllable Before Reserves</b>	<b>197,686</b>	<b>184,976</b>
Revenue Expenditure Funded from Capital under Statute	1,667	1,697
IAS19 <i>Employee Benefits</i> adjustments	2,023	43
Accumulated Absences	726	(691)
Revaluation, depreciation, amortisation and impairment	49,486	16,616
(Gain)/Loss on disposal of assets	(689)	171
Capital Expenditure charged to the General Fund	(8,220)	(3,124)
Other capital accounting adjustments	(1,679)	(1,563)
Precepts	12,759	11,621
Taxation and non-specific grant income	(225,409)	(222,322)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>28,350</b>	<b>(12,576)</b>

*\*Restated due to correction of external income coding*

**1.7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

2024/25

	Usable Reserves			
	General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive I&amp;E Statement:</u>				
Charges for depreciation and impairment of non-current assets	17,483			(17,483)
Revaluation losses/gains on Property, Plant & Equipment	33,877			(33,877)
Movement in the fair value of Investment Properties	(1,874)			1,874
Capital grants and contributions applied	(17,523)			17,523
Revenue expenditure funded from capital under statute	1,667			(1,667)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	81			(81)
<u>Insertion of items not debited or credited on the Comprehensive I&amp;E Statement:</u>				
Statutory provision for the financing of capital investment	(1,911)			1,911
Capital expenditure charged against the General Fund	(8,220)			8,220
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(86)		86	
Application of grants to capital financing transferred to the Capital Adjustment Account			(3,095)	3,095
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(261)	261		
Use of Capital Receipts to finance new capital expenditure		(806)		806
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals				
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				

**Adjustments involving the Deferred Capital Receipts Reserve:**

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(509)	509
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**Adjustments involving the Financial Instruments Adjustment Account:**

Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	232	(232)
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**Adjustments involving the Pensions Reserve:**

Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	12,313	(12,313)
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,290)	10,290

**Adjustments involving the Accumulated Absences Account:**

Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	726	(726)
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<b>Total Adjustments</b>	<b>25,705</b>	<b>(545)</b>	<b>(3,009)</b>	<b>(22,151)</b>
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**2023/24**

	Usable Reserves			
	General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>Adjustments involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive I&amp;E Statement:</u>				
Charges for depreciation and impairment of non-current assets	15,980	0	0	(15,980)
Revaluation losses/gains on Property, Plant & Equipment	470	0	0	(470)
Movement in the fair value of Investment Properties	167	0	0	(167)
Capital grants and contributions applied	(27,429)	0	0	27,429
Revenue expenditure funded from capital under statute	1,697	0	0	(1,697)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	990	0	0	(990)



Insertion of items not debited or credited on the Comprehensive I&E Statement:

Statutory provision for the financing of capital investment	(1,568)	0	0	1,568
Capital expenditure charged against the General Fund	(3,124)	0	0	3,124

**Adjustments involving the Capital Grants Unapplied Account:**

Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(3,127)		3,127	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0		(2,534)	2,534

**Adjustments involving the Capital Receipts Reserve:**

Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(533)	533	0	0
Use of Capital Receipts to finance new capital expenditure	0	(146)	0	146
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	8	(8)	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0

**Adjustments involving the Deferred Capital Receipts Reserve:**

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(294)	0	0	294
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**Adjustments involving the Financial Instruments Adjustment Account:**

Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5	0	0	(5)
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**Adjustments involving the Pensions Reserve:**

Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	9,800	0	0	(9,800)
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,757)	0	0	9,757

**Adjustments involving the Accumulated Absences Account:**

Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(691)	0	0	691
<b>Total Adjustments</b>	<b>(17,406)</b>	<b>379</b>	<b>593</b>	<b>16,434</b>



**1.8 EARMARKED RESERVES AND DELEGATED SCHOOLS BALANCES**

A summary of the earmarked reserves set up by the Council is set out below:

	31/03/23 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/24 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/25 Balance £'000
Delegated Schools Budget - Primary	2,594	90	(839)	1,845	388	(374)	1,859
Delegated Schools Budget - Secondary	1,450	3	(477)	976	67	(284)	759
Delegated Schools Budget - All Through	1,083	1	(110)	974	264	(54)	1,184
<b>Delegated Schools Budget-All Schools</b>	<b>5,127</b>	<b>94</b>	<b>(1,426)</b>	<b>3,795</b>	<b>719</b>	<b>(712)</b>	<b>3,802</b>
Insurances - Supply Cover	85	0	(85)	0	0	0	0
Schools, Lifelong Learning & Culture Services	770	0	(174)	596	0	0	596
<b>Schools, Lifelong Learning &amp; Culture</b>	<b>5,982</b>	<b>94</b>	<b>(1,685)</b>	<b>4,391</b>	<b>719</b>	<b>(712)</b>	<b>4,398</b>
Corporate Capital	6,196	0	(540)	5,656	1,461	0	7,117
Education Penweddig PFI	1,614	0	(301)	1,313	0	(305)	1,008
Funding / CTRS Equalisation	700	0	0	700	180	0	880
Corporate Redundancy	1,062	0	0	1,062	0	(335)	727
Insurance	1,206	140	0	1,346	32	0	1,378
Finance - General	480	45	0	525	45	(45)	525
<b>Finance &amp; Procurement</b>	<b>11,258</b>	<b>185</b>	<b>(841)</b>	<b>10,602</b>	<b>1,718</b>	<b>(685)</b>	<b>11,635</b>
Democratic Services	112	0	0	112	0	0	112
County Council Election reserve	35	0	0	35	140	0	175
<b>Democratic Services</b>	<b>147</b>	<b>0</b>	<b>0</b>	<b>147</b>	<b>140</b>	<b>0</b>	<b>287</b>
<b>People &amp; Organisation</b>	<b>17</b>	<b>0</b>	<b>(17)</b>	<b>0</b>	<b>113</b>	<b>0</b>	<b>113</b>
Porth Cymorth Cynnar	2	0	0	2	155	0	157
Pyrrh Investment	250	0	0	250	0	0	250
Porth Gofal	50	354	0	404	0	0	404
<b>Pyrrh Through Age Model</b>	<b>302</b>	<b>354</b>	<b>0</b>	<b>656</b>	<b>155</b>	<b>0</b>	<b>811</b>
<b>Policy, Performance &amp; Public Protection</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>127</b>	<b>50</b>	<b>0</b>	<b>177</b>
Highways & Environment Services	1,086	18	0	1,104	0	(496)	608
Winter Maintenance/Storm Repairs	155	0	0	155	0	0	155
Environmental & Flood Protection	177	0	0	177	0	0	177
Civil Parking Enforcement	102	80	0	182	2	0	184
<b>Highways &amp; Environmental Services</b>	<b>1,520</b>	<b>98</b>	<b>0</b>	<b>1,618</b>	<b>2</b>	<b>(496)</b>	<b>1,124</b>
Local Development Plan	233	0	0	233	0	0	233
Economy & Regeneration	93	0	0	93	0	0	93
Food Centre Wales (Horeb)	198	453	0	651	167	0	818
Mid Wales Growth Deal	219	0	(100)	119	481	(100)	500
Sewage Treatment Works Improvement Programme	452	0	0	452	0	0	452
<b>Economy &amp; Regeneration</b>	<b>1,195</b>	<b>453</b>	<b>(100)</b>	<b>1,548</b>	<b>648</b>	<b>(100)</b>	<b>2,096</b>
ICT & Digital Investment	1,000	0	0	1,000	200	0	1,200
Schools ICT Infrastructure Replacement	0	262	0	262	271	0	533
Customer Contact	181	150	(75)	256	20	(150)	126
<b>Customer Contact, ICT &amp; Digital</b>	<b>1,181</b>	<b>412</b>	<b>(75)</b>	<b>1,518</b>	<b>491</b>	<b>(150)</b>	<b>1,859</b>

	31/03/23 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/24 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/25 Balance £'000
Contingency & Budget Management	4,137	586	(1,966)	2,757	300	(1,165)	1,892
Cost and Inflationary Pressures	1,322	0	(534)	788	0	0	788
Placements Equalisation	0	500	0	500	1,524	(500)	1,524
Council Tax Premium	1,797	770	(10)	2,557	0	(363)	2,194
Providing the Best Start in Life & Enabling Learning at All ages	4,877	0	(1,507)	3,370	1,000	(2,876)	1,494
Boosting the Economy, Supporting Businesses & Enabling Employment	8,000	0	(500)	7,500	0	0	7,500
Creating Caring & Healthy Communities	2,302	0	(290)	2,012	900	(1,008)	1,904
Creating Sustainable, Green & Well- connected Communities	4,640	0	(747)	3,893	0	(2,660)	1,233
<b>Leadership Group</b>	<b>27,075</b>	<b>1,856</b>	<b>(5,554)</b>	<b>23,377</b>	<b>3,724</b>	<b>(8,572)</b>	<b>18,529</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>48,804</b>	<b>3,452</b>	<b>(8,272)</b>	<b>43,984</b>	<b>7,760</b>	<b>(10,715)</b>	<b>41,029</b>

## NOTES TO THE EARMARKED RESERVES

### Delegated Schools Budgets

These reserves are ring-fenced and consist of the individual balances held for each Primary, Secondary and All through School in Ceredigion.

### Corporate Capital

This reserve exists to provide funding for the Capital Programme and will be used for making a revenue contribution to current and future Capital Programmes.

### Contingency & Budget Management

This reserve includes funding set aside to help mitigate and manage financial risks, as well as providing one-off or tapered funding relating to items treated corporately.

### Providing the Best Start in Life & Enabling Learning at All ages

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for the 21<sup>st</sup> Century Schools Capital Programme.

### Boosting the Economy, Supporting Businesses & Enabling Employment

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for the Council's Economic Strategy.

### Creating Caring & Healthy Communities

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities.

### Creating Sustainable, Green & Well-connected Communities

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for Coast Protection Capital schemes.

### Other Reserves

All the other reserves are held by the respective services for the specific Purpose or Service named. They have been established from savings or underspends generated in past financial years and exist to meet one off non-recurring expenditure or to assist services in managing their budgets in any particular financial year on a one-off basis.

**1.9 OTHER OPERATING EXPENDITURE**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Community Council Precepts	1,547	1,376
Dyfed Powys Police Precept	11,212	10,245
Levies	5,365	4,867
Loss/(Gain) on the disposal of non-current assets	(688)	171
<b>Total</b>	<b><u>17,436</u></b>	<b><u>16,659</u></b>

**1.10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and other charges	6,319	5,314
Pensions interest cost and expected return on pensions assets	(252)	(2,614)
Interest receivable and similar income	(2,058)	(2,685)
Income and Expenditure in relation to Investment Properties	(865)	(677)
(Surplus)/deficit on sale of Investment Properties	(1)	0
Changes to fair value on Investment Properties	(1,874)	167
<b>Total</b>	<b><u>1,269</u></b>	<b><u>(495)</u></b>

**1.11 TAXATION AND NON SPECIFIC GRANT INCOME**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Council tax income	72,514	62,569
Non domestic rates	27,211	24,614
Non-ringfenced government grants (RSG)	108,075	104,583
Capital grants and contributions	17,609	30,556
<b>Total</b>	<b><u>225,409</u></b>	<b><u>222,322</u></b>

**Council Tax**

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands, based on estimated 1<sup>st</sup> April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Ceredigion County Council, Town and Community Councils, and the Dyfed Powys Police Authority for the forthcoming year and dividing this amount by the Council Tax base.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts 33,768.51 for 2024/25 (32,767.99 for 2023/24).

**Council Tax Base for Ceredigion County Council 2024/25**

Tax Base (@ 98.5% collection rate)

<u>Band</u>	<u>Tax Base</u>
A*	1.78
A	1,038.52
B	3,222.84
C	6,020.54
D	6,958.29
E	9,923.06
F	4,905.02
G	1,479.96
H	174.84
I	43.66
<b>Total Tax Base</b>	<b>33,768.51</b>

Analysis of the net proceeds from Council Tax:

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax Collected	72,798	62,763
Less:		
(Increase)/Decrease Provision for Non-payment	(284)	(194)
<b>Net Proceeds from Council Tax</b>	<b>72,514</b>	<b>62,569</b>

The net proceeds can be analysed as follows:

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Ceredigion County Council	59,755	50,948
Precept for Dyfed Powys Police Authority	11,212	10,245
Precept for Town and Community Councils	1,547	1,376
	<b>72,514</b>	<b>62,569</b>

**National Non-Domestic Rates (NNDR)**

NNDR is operated on a national basis. The Welsh Government specifies an amount for the rate which was 56.2p in 2024/25 (53.5p in 2023/24), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government (WG). The WG redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population over 18 years old.

As at 31 March 2025 the rateable value was £56,419,199 (£56,830,579 as at 31 March 2024).



**1.12 GRANT INCOME**

<b>Revenue Grants - Credited to Services:</b>	<b>2024/25</b>	<b>Restated</b>
	<b>£'000</b>	<b>2023/24</b>
		<b>£'000</b>
WG - Post 16 Funding	4,076	3,982
WG - Regional Consortium Educational Improvement Grant *	0	3,534
WG - Pupil Development Grant *	0	1,791
WG - Local Authority Education Grant	11,232	4,998
WG - E-Ysgol	600	600
WG - Children & Communities Grant	2,820	2,639
WG - Housing Support Grant	4,378	3,972
WG - No one left out	489	652
WG - Sustainability Pressures Grant	1,021	1,030
WG - Health & Social Care Regional Intergration	2,012	2,036
WG - Sustainable Waste Management	528	525
WG - Concessionary Fares Grant	526	446
WG - Public Bus Services Grant	685	687
WG - Bus Services Support Grant	763	763
WG - Child Care	592	2,286
WG - Eliminating Profit from Care Grant	421	752
WG - Additional Revenue	1,072	0
WG - SCAPE Pension Costs Pay pressures NJC	1,263	0
Social Care Wales - Workforce Development Programme	1,283	1,040
EU - Knowledge Transfer & Innovation Programme	1,072	1,117
DLUHC - Community Renewal Fund	0	4
DLUHC - Shared Prosperity Fund	8,206	1,328
Home Office - Refugee Programmes	800	1,067
DWP - Housing Benefit Subsidy & Admin Grants	12,794	13,573
Other Government Grants and contributions	6,228	10,393
<b>Total Government Grants in Net Cost of Services</b>	<b>62,861</b>	<b>59,215</b>

\* Merged into LEAG grant from 2024/25

**Capital Grants and Contributions - Credited to Taxation and Non-Specific Grant Income:**

	<b>2024/25</b>	<b>Restated 2023/24</b>
	<b>£'000</b>	<b>£'000</b>
WG - General Capital Grant	2,945	2,969
WG - Waunfawr to IBERS Active Travel Link	401	1,609
WG - 21st Century Schools	3,436	6,178
WG - Schools Additional Capital Works	902	183
WG - Aberaeron Coast Protection	0	1,944
WG - Traws Cymru Bus Corridor	942	0
WG - Child Care Grant	1,034	525
UK Govt - Levelling Up Projects	1,802	622
Donated asset	310	11,310
Other Grants	5,837	5,216
	<b>17,609</b>	<b>30,556</b>

\* 2023/24 Restated consolidated information and for additional information on grants disclosed in 2024/25.

**Additional Support funding**

During the year, a range of support funding was provided for a number of different purposes including retail, leisure and hospitality rate relief, and Ukraine resettlement schemes.

The Council receives funding where it acts as a principal (acting on its own behalf) but also where it acts as an agent (acting as an intermediary). All funding received as a principal is included within the Statement of Accounts, whereas funding received as an agent is not.

The value of the additional funding streams received as an agent is summarised in the following tables:

**Agency by Nature****2024/25**

	<b>Expenditure</b>	<b>Welsh Government Income</b>
	<b>£000</b>	<b>£000</b>
Retail, Leisure and Hospitality Rates Relief Scheme	2,083	2,083
Ukraine resettlement schemes	152	152
<b>Total</b>	<b>2,235</b>	<b>2,235</b>

**Agency by Nature****2023/24**

	<b>Expenditure</b>	<b>Welsh Welsh Government Income</b>
	<b>£000</b>	<b>£000</b>
Retail, Leisure and Hospitality Rates Relief Scheme	3,733	3,733
Self Isolation Grant	1	1
Cost of Living Support	202	202
Ukraine resettlement schemes	156	156
<b>Total</b>	<b>4,092</b>	<b>4,092</b>



**1.13 PROPERTY, PLANT AND EQUIPMENT****Movements in 2024/2025:**

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction (AUC) £'000	Total Property, Plant & Equipment £'000
<b>Cost or Valuation</b>						
<b>At 31 March 2024</b>	327,011	25,809	1,491	2,674	8,660	365,645
Recognition of Right of Use Assets	682	117	0	0	0	799
Additions	10,634	2,328	0	35	6,701	19,698
Donations	0	0	0	225	0	225
Revaluation increases/(decreases) in the Revaluation Reserve	41,197	0	0	(971)	0	40,226
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(45,432)	0	0	(451)	0	(45,883)
Derecognition-disposals	0	(548)	0	0	0	(548)
Derecognition-other	0	0	0	0	0	0
Assets reclassified (to) /from Held for Sale	(653)	0	0	0	0	(653)
Assets reclassified from AUC	14,783	0	0	0	(14,783)	0
Other movements	(4,001)	1,132	0	2,870	0	1
<b>At 31 March 2025</b>	<b>344,221</b>	<b>28,838</b>	<b>1,491</b>	<b>4,382</b>	<b>578</b>	<b>379,510</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 31 March 2024</b>	(2,381)	(14,406)	0	(267)	0	(17,054)
Depreciation charge	(11,919)	(1,973)	0	(101)	0	(13,993)
Depreciation written out to the Surplus/Deficit on the Provision of Services	11,126	0	0	304	0	11,430
Impairment (losses)/reversals in the Revaluation Reserve	(513)	0	0	0	0	(513)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	980	0	0	26	0	1,006
Derecognition-disposals	0	469	0	0	0	469
Derecognition-other	0	0	0	0	0	0
Other movements	167	(65)	0	(71)	0	31
<b>At 31 March 2025</b>	<b>(2,540)</b>	<b>(15,975)</b>	<b>0</b>	<b>(109)</b>	<b>0</b>	<b>(18,624)</b>
<b>Net Book Value</b>						
<b>At 31 March 2025</b>	<b>341,681</b>	<b>12,863</b>	<b>1,491</b>	<b>4,273</b>	<b>578</b>	<b>360,886</b>
<b>At 31 March 2024</b>	<b>324,630</b>	<b>11,403</b>	<b>1,491</b>	<b>2,407</b>	<b>8,660</b>	<b>348,591</b>

**Movements in 2023/24:**

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction (AUC) £'000	Total Property, Plant & Equipment £'000
<b>Cost or Valuation</b>						
<b>At 31 March 2023</b>	288,671	24,459	1,471	3,132	6,395	324,128
Additions	5,624	2,057	20	0	7,879	15,580
Donations	11,310	0	0	0	0	11,310
Revaluation increases/(decreases) in the Revaluation Reserve	27,829	0	0	(165)	0	27,664
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(11,242)	(13)	0	(42)	0	(11,297)
Derecognition-disposals	(586)	(752)	0	(402)	0	(1,740)
Derecognition-other	0	0	0	0	0	0
Assets reclassified (to) /from Held for Sale	0	0	0	0	0	0
Assets reclassified from AUC	5,614	0	0	0	(5,614)	0
Other movements	(209)	58	0	151	0	0
<b>At 31 March 2024</b>	<b>327,011</b>	<b>25,809</b>	<b>1,491</b>	<b>2,674</b>	<b>8,660</b>	<b>365,645</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 31 March 2023</b>	(1,585)	(13,372)	0	(469)	0	(15,426)
Depreciation charge	(10,703)	(1,851)	0	(69)	0	(12,623)
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,225	14	0	54	0	10,293
Impairment (losses)/reversals in the Revaluation Reserve	(282)	0	0	0	0	(282)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	(81)	(35)	0	0	0	(116)
Derecognition-disposals	45	712	0	343	0	1,100
Derecognition-other	0	0	0	0	0	0
Other movements	0	126	0	(126)	0	0
<b>At 31 March 2024</b>	<b>(2,381)</b>	<b>(14,406)</b>	<b>0</b>	<b>(267)</b>	<b>0</b>	<b>(17,054)</b>
<b>Net Book Value</b>						
<b>At 31 March 2024</b>	<b>324,630</b>	<b>11,403</b>	<b>1,491</b>	<b>2,407</b>	<b>8,660</b>	<b>348,591</b>
<b>At 31 March 2023</b>	<b>287,086</b>	<b>11,087</b>	<b>1,471</b>	<b>2,663</b>	<b>6,395</b>	<b>308,702</b>

Right of Use assets are included in the relevant subcategory columns from 1st April 2024 as part of the transition to IFRS 16. The corresponding lease liabilities are outlined in Note 1.34 and Note 1.25.

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Other Land and Buildings – 1-99 years

Vehicles, Plant, Furniture and Equipment – 1-20 years

Infrastructure – 10-99 years

Assets held under Finance Leases are depreciated on a straight line basis over the unexpired term of the existing lease.

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value are revalued at least every five years with Investment Properties and County Farms considered annually. All property valuations for 2024/25 were carried out externally by the Council's officially appointed valuers, Bruton Knowles, who are accredited by the Royal Institution of Chartered Surveyors. The assets revalued in 2024/25 were Educational Buildings (Primary, Secondary & all-through schools, Youth Clubs & Referral Units). All the remaining Council Buildings held on a Depreciated Replacement Cost (DRC) basis had their current valuations uprated by an index based on appropriate figures taken from Building Cost Information Service (BCIS) data. Valuations of the Council's Car Parks were similarly uprated, based on the Council's latest estimates of future income. The valuations for the remaining categories of assets were deemed sufficiently accurate by the valuers not to require any such indexation at the current time.

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, referred to as the 'Red Book'. 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 fair values are:

- Historic cost is a reasonable proxy for fair value
- Vehicles, plant and equipment asset lives are based on the leasing periods the Council uses for vehicles or equipment of that specific type
- Residual values for vehicles, plant and equipment assets are 10% of the initial cost for vehicles and other equipment has no residual value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment:

	<b>Land and Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Surplus Assets £'000</b>
Carried at historical cost:	2,349	28,838	161
Valued at fair value as at:			
31 March 2025	316,846	0	4,221
31 March 2024	2,601	0	0
31 March 2023	1,338	0	0
31 March 2022	6,911	0	0
31 March 2021	14,176	0	0
<b>TOTAL</b>	<b>344,221</b>	<b>28,838</b>	<b>4,382</b>



### Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. There is no impact to any of the financial statements.

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

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

Infrastructure Assets with a net carrying amount of £177,965k were held as at 31 March 2025 (£148,264k as at 31 March 2024).

	2024/25	2023/24
	£'000	£'000
<b>Net Book Value at 1 April</b>	<b>148,264</b>	<b>138,885</b>
Recognition of Right of Use Assets	746	0
Additions	32,153	12,338
Depreciation Charge	(3,182)	(2,953)
Impairment	(16)	(6)
<b>Net Book Amount at 31 March</b>	<b>177,965</b>	<b>148,264</b>

### 1.14 INVESTMENT PROPERTY

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2024/25	2023/24
	£'000	£'000
Balance at start of the year	19,279	18,948
Additions:		
Purchases	0	0
Subsequent expenditure	632	498
Disposals	(3)	0
Net gains/(losses) from fair value investments	1,874	(167)
<b>Balance at the end of year</b>	<b>21,782</b>	<b>19,279</b>

**1.15 HERITAGE ASSETS**

<b>Cost or Valuation</b>	<b>Historic Land &amp; Buildings</b>	<b>Museums</b>	<b>Artwork</b>	<b>Civic Regalia</b>	<b>Museum Exhibits</b>	<b>Total Assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>1st April 2023</b>	<b>1,163</b>	<b>2,316</b>	<b>116</b>	<b>65</b>	<b>58</b>	<b>3,718</b>
Revaluations	0	79	0	0	0	79
<b>31st March 2024</b>	<b>1,163</b>	<b>2,395</b>	<b>116</b>	<b>65</b>	<b>58</b>	<b>3,797</b>
<b>Cost or Valuation</b>						
<b>1st April 2024</b>	<b>1,163</b>	<b>2,395</b>	<b>116</b>	<b>65</b>	<b>58</b>	<b>3,797</b>
Additions	5	35	0	0	0	40
Revaluations	0	(1,176)	0	0	0	(1,176)
<b>31st March 2025</b>	<b>1,168</b>	<b>1,254</b>	<b>116</b>	<b>65</b>	<b>58</b>	<b>2,661</b>

Further information on the Council's Heritage Assets is available in section 1.1 of the Notes to the Statement of the Accounts - part xii

**1.16 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS****Fair Value Hierarchy**

<b>Category / Sub Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value as at 31/03/2025</b>
Assets Held for Sale	0	290	0	290
Corporate Estate	0	0	12,614	12,614
Empty Property	0	0	628	628
Investment Properties	0	226	5,470	5,696
Leased Property	0	0	292	292
Other Buildings	0	0	2,552	2,552
Surplus	0	23	4,249	4,272
	<b>0</b>	<b>539</b>	<b>25,805</b>	<b>26,344</b>

<b>Category / Sub Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value as at 31/03/2024</b>
Assets Held for Sale	0	120	0	120
Corporate Estate	0	11,581	0	11,581
Empty Property	0	582	0	582
Investment Properties	0	5,089	0	5,089
Leased Property	0	177	0	177
Other Buildings	0	1,851	0	1,851
Surplus	0	2,407	0	2,407
	<b>0</b>	<b>21,807</b>	<b>0</b>	<b>21,807</b>

**Transfers between Levels of Fair Value Hierarchy**

There were no transfers between Levels 1 and 2 during 2024/25.

## Valuation Techniques used to Determine level 2 and 3 Fair Values for Investment Properties

### Significant Observable Inputs – Level 2

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

### Significant Unobservable Inputs – Level 3

The fair value of these assets has been based on the capitalised income received using the Council's own data, but also, where necessary, using a market approach using current market conditions of recent sales/lettings for similar assets in the local council area.

## Highest and Best Use of the Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

## Valuation Techniques

There has been a change in the valuation techniques used during the year for investment properties as property valuations were carried out externally by the Council's officially appointed valuers, Bruton Knowles.

## Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2024/25	2023/24
	£'000	£'000
Opening Balance	0	20
Transfers into Level 3	24,365	0
Transfers out of Level 3	0	(20)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(746)	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	2,186	0
Closing Balance	<u>25,805</u>	<u>0</u>

## Closing Balance

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

## Quantitative Information about Fair Values Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Sub Category	As at 31/03/2025 £'000	Valuation technique used to measure fair value
Commercial	25,805	Valuation based on the market rent passing or terms agreed for the property
	<u>25,805</u>	



**Valuation Process for Investment Properties**

The fair value of the Council's investment property is measured annually at each reporting date. All valuations were carried out externally by the Council's officially appointed valuers, Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

**1.17 LONG TERM DEBTORS**

	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Adult Social Care	225	613
Housing	4,046	3,751
Other	159	139
	<b>4,430</b>	<b>4,503</b>

**1.18 FINANCIAL INSTRUMENTS**

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

	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/25</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Investments</b>				
Loans and Receivables	0	0	15,146	16,162
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>15,146</b>	<b>16,162</b>
	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/25</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Debtors</b>				
Loans and Receivables	4,430	4,503	0	0
Financial Assets at amortised cost	0	0	52,755	32,755
<b>Total Debtors</b>	<b>4,430</b>	<b>4,503</b>	<b>52,755</b>	<b>32,755</b>
	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/25</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Borrowings</b>				
Financial Liabilities at amortised cost	127,089	102,610	1,848	6,340
<b>Total Borrowings</b>	<b>127,089</b>	<b>102,610</b>	<b>1,848</b>	<b>6,340</b>
	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/25</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Other Long Term Liabilities</b>				
PFI and finance lease liabilities	10,138	5,182		
<b>Total Other Long Term Liabilities</b>	<b>10,138</b>	<b>5,182</b>		
	<b>Long Term</b>		<b>Current</b>	
	<b>31/03/25</b>	<b>31/03/24</b>	<b>31/03/25</b>	<b>31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Creditors</b>				
Financial Liabilities at amortised cost	1,330	1,164	60,854	43,447
<b>Total Creditors</b>	<b>1,330</b>	<b>1,164</b>	<b>60,854</b>	<b>43,447</b>

**Income, Expense, Gains and Losses**

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	<b>2024/2025</b>			<b>2023/2024</b>		
	<b>Financial Liabilities at amortised cost</b>	<b>Financial Assets: Loans &amp; Receivables</b>	<b>Total</b>	<b>Financial Liabilities at amortised cost</b>	<b>Financial Assets: Loans &amp; Receivables</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest Expense	5,630		5,630	4,757	0	4,757
Fee expense	15		15	15	0	15
<b>Total expense in Surplus/Deficit on the Provision of Services</b>	<b>5,645</b>	<b>0</b>	<b>5,645</b>	<b>4,772</b>	<b>0</b>	<b>4,772</b>
Interest Income	0	(2,199)	(2,199)	0	(2,839)	(2,839)
Interest income accrued on impaired financial assets	0	0	0	0	0	0
<b>Total income in Surplus/Deficit on the Provision of Services</b>	<b>0</b>	<b>(2,199)</b>	<b>(2,199)</b>	<b>0</b>	<b>(2,839)</b>	<b>(2,839)</b>
<b>Net (gain)/loss for the year</b>	<b>5,645</b>	<b>(2,199)</b>	<b>3,446</b>	<b>4,772</b>	<b>(2,839)</b>	<b>1,933</b>

**Fair values of Financial assets and liabilities that are not measured at Fair Value**

The fair values calculated are as follows:

<u>Financial Liabilities</u>	<b>31 March 2025</b>		<b>31 March 2024</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Financial Liabilities (All - Premature Repayment rates)	128,936	125,335	108,950	109,367
Financial Liabilities (All - New Loans rate)	128,936	110,862	108,950	98,289
Financial Liabilities (PWLB loans only - Premature Repayment rate)	95,837	91,759	100,024	103,389
Financial Liabilities (PWLB loans only - New Loans rate)	95,837	83,189	100,024	93,215

Valuation of PWLB loans: For loans from the PWLB, fair value estimates have been provided using both redemption and new borrowing (certainty rate) discount rates.

Valuation of non-PWLB loans: For non-PWLB loans, fair value estimates have been provided using both both premature redemption and new borrowing rates. In the absence of a substantial active market for new long term market loans, the rates used for new borrowing is based on discussions with possible market participants for new lending. These rates

provide a reasonable proxy for rates that a market participants appear to have used for early redemption costs for market loans.

The fair value estimates use the 'income approach', a valuation technique that converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. The valuation basis adopted uses **Level 2 Inputs** - i.e. inputs other than quoted prices that are observable for the Financial Liability.

PWLB loans:

The commitment to pay interest above current market rates increases the amount that the Council would have to pay if PWLB requested or agreed to early repayment of the loans (Premature Repayment rate). The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB (New loans rate).

The following assumptions have been used in the fair value calculations:

- Accrued interest is included in the fair value calculation. This figure is calculated up to and including the valuation date.
- The discount rates were obtained from the market on 31 March 2025.

Other assumptions made about the fair values of financial assets and financial liabilities:

- the fair value of payables and receivables (Short Term Creditors and Debtors) is taken to be the invoiced or billed amount.
- the fair value of loans and receivables have been calculated and are not materially different to the carrying value.

## 1.19 CAPITAL COMMITMENTS

At 31 March 2025, the authority 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 £4,660k. Similar commitments at 31 March 2024 were £34,118k. The major commitments are:

<b><u>2024/25</u></b>	<b><u>£'000</u></b>
Aberaeron Harbour Coastal Defence Construction *	3,743
Fleet - Manufacture & Supply of 2 Sweeper Vehicles	381
Aberystwyth Revitalised Promenade - Phase 1 Works	253
Trefechan Active Travel - Phase 2 Works	229
Aberystwyth Revitalised Promenade - Lighting Installation	54
<b>Total</b>	<b><u><u>4,660</u></u></b>

\* The Aberaeron Coastal Defence Scheme is ongoing and is subject to various compensation events under the terms of the contract, the value of which are not all fully determined as yet. The figure stated reflects the latest approved Purchase Order value, but the final remaining contractual commitment sum is likely to be higher than that stated above.

**2023/24**

	<b>£'000</b>
Aberaeron Harbour Coastal Defence Construction	25,319
Aeron Valley New Area School - 2 Stage Design & Build	7,415
Aberporth Primary School Curtain Walling Construction	520
Fleet - 7.2t Single Cab Insulated Tippers with Pod	399
Min y Mor Bungalow Conversion into Children's Safe Accommodation	392
Sycharth, Felinfach - Refurbishment & Remodelling of Dwelling into Small Group Home	73
<b>Total</b>	<b>34,118</b>

**1.20 CAPITALISATION DIRECTION****LOCAL GOVERNMENT ACT 2003 SECTIONS 16(2)(b) and 20: TREATMENT OF CERTAIN COSTS AS CAPITAL EXPENDITURE**

The Council has used flexibility in the use of capital receipts under guidance and direction issued by Welsh Government in March 2024 for financial years through to 2029/30. This has enabled the Council to capitalise certain qualifying revenue expenditure. The following projects have made use of the guidance and direction:

<b>Project</b>	<b>Expenditure incurred in year £'000</b>	<b>Expenditure Capitalised and funded through Capital Receipts £'000</b>
Service Reform	75	75

Service Reform aims to transform service delivery and achieve Service Reform with the underlying aim of reducing future costs and/or future demand.

**1.21 DEBTORS**

	<b>31/03/25 £'000</b>	<b>31/03/24 £'000</b>
Central Government Bodies	38,296	17,199
Other Local Authorities	2,451	3,042
NHS Bodies	4,090	5,216
Public Corporations and trading funds	4	0
Other entities and individuals	19,555	16,488
Impairment Allowance	(5,222)	(4,444)
<b>Total</b>	<b>59,174</b>	<b>37,501</b>

**1.22 CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31/03/25 £'000</b>	<b>31/03/24 £'000</b>
Cash held by the Council	37	37
Bank current accounts	(3,505)	(1,845)
Short-term deposits with banks/building societies/other financial institutions	12,367	21,205
<b>Total Cash and Cash Equivalents</b>	<b>8,899</b>	<b>19,397</b>

**1.23 CREDITORS**

	31/03/25	31/03/24
	£'000	£'000
Central Government Bodies	4,157	5,801
Other Local Authorities	26,094	6,982
NHS Bodies	235	229
Public corporations and trading funds	0	55
Other entities and individuals	30,391	30,467
<b>Total</b>	<b>60,877</b>	<b>43,534</b>

**1.24 BORROWING**

The Council's long term borrowing is mainly from the Public Works Loan Board (PWLB) with some borrowing from other institutions that was inherited from the former Dyfed County Council. The loans are analysed by maturity with the interest rates ranging between 1.97% and 9.875%.

During 2024/25 the Council borrowed £24.9m from what was then known as the UK Infrastructure Bank (UKIB) to contribute to the funding of the Aberaeron Coastal Defence Scheme. Costs associated with this borrowing are fully funded by Welsh Government. Since this borrowing was taken out UKIB has been renamed as the National Wealth Fund (NWF). The borrowing was drawn down in two tranches, the first tranche of £12m at 4.58% and the remaining £12.9m at 4.38%. This borrowing is included in the Other Borrowing column below.

An analysis of loans by maturity:

	31/03/25	31/03/25	31/03/25	31/03/24	31/03/24	31/03/24
	PWLB	OTHER	TOTAL	PWLB	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Maturing withing one year</b>	<b>1,225</b>	<b>623</b>	<b>1,848</b>	<b>6,340</b>	<b>0</b>	<b>6,340</b>
<b>Long Term Borrowing</b>						
Maturing in 1 - 2 years	3,280	651	3,931	1,225	0	1,225
Maturing in 2 - 5 years	4,901	4,692	9,593	7,630	0	7,630
Maturing in 5 - 10 years	19,193	4,505	23,698	17,794	556	18,350
Maturing in 10 - 15 years	19,497	5,306	24,803	17,244	250	17,494
Maturing in 15 - 20 years	3,572	6,621	10,193	7,650	0	7,650
Maturing in 20 - 25 years	12,876	4,735	17,611	13,001	0	13,001
Maturing in 25 - 30 years	7,500	0	7,500	7,500	0	7,500
Maturing in 30 - 35 years	20,000	0	20,000	16,000	0	16,000
Maturing in 35 - 40 years	4,000	0	4,000	8,000	0	8,000
Maturing in 40 - 45 years	0	5,760	5,760	0	5,760	5,760
45+ years	0	0	0	0	0	0
<b>Total Long Term Borrowing</b>	<b>94,819</b>	<b>32,270</b>	<b>127,089</b>	<b>96,044</b>	<b>6,566</b>	<b>102,610</b>

**Loan Restructuring**

No loan restructuring was carried out during 2024/25.

**Welsh Government Grants to be repaid in future years**

The Council received a £2m Strategic Transforming Town loan from Welsh Government during 2024/25 which is repayable in seven years. Together with an existing WG loan of £806k the Council now has a total of £2,806k worth of WG loans that are repayable in the

future. Although these have been called grants, they have been treated as loans within the Balance Sheet due to the need to pay them back within 5-15 years. These loans are included in the Other columns in the table above.

## 1.25 OTHER LONG TERM LIABILITIES

	31/03/25	31/03/24
	£'000	£'000
Ysgol Gyfun Penweddig PFI Liability	2,173	2,522
Pension Liability	2,869	0
Finance Lease Liability	1,111	504
MRP writedown adjustment	3,985	2,156
<b>Total</b>	<b>10,138</b>	<b>5,182</b>

## 1.26 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 17 and Note 1.8.

## 1.27 UNUSABLE RESERVES

	31/03/25	31/03/24
	£'000	£'000
Revaluation Reserve	205,073	173,008
Capital Adjustment Account	190,048	202,530
Financial Instruments Adjustment Account	381	613
Pensions Reserve	(2,869)	0
Deferred Capital Receipts Reserve	4,319	3,809
Accumulated Absences Account	(4,108)	(3,382)
<b>Total Unusable Reserves</b>	<b>392,844</b>	<b>376,578</b>

The following are an analysis of the most significant Unusable Reserves:

### Revaluation Reserve

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

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

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

	2024/25	2023/24
	£'000	£'000
<b>Balance at 1 April</b>	173,008	153,643
Upward revaluation of assets	91,054	31,570
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>(51,791)</u>	<u>(4,110)</u>
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>39,263</u>	<u>27,460</u>
Difference between fair value depreciation and historical cost depreciation	(7,198)	(7,705)
Accumulated gains on assets sold or scrapped	<u>0</u>	<u>(390)</u>
Amount written off to the Capital Adjustment Account	<u>(7,198)</u>	<u>(8,095)</u>
<b>Balance at 31 March</b>	<b><u>205,073</u></b>	<b><u>173,008</u></b>

### Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1.7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.



	2024/25 £'000	2023/24 £'000
<b>Balance at 1 April</b>	202,530	178,938
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	(17,483)	(15,980)
Revaluation losses on Property, Plant and Equipment	(33,877)	(470)
Revenue expenditure funded from capital under statute	(1,667)	(1,697)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(81)	(990)
	<u>(53,108)</u>	<u>(19,137)</u>
Adjusting amounts written out of the Revaluation Reserve	7,197	8,096
Net written out amount of the cost of non-current Assets consumed in the year	<u>(45,911)</u>	<u>(11,041)</u>
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	806	145
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	17,523	27,429
Application of grants to capital financing from the Capital Grants Unapplied Account	3,095	2,534
Statutory provision for the financing of capital Investment charged against the General Fund	1,911	1,568
Capital expenditure charged against the General Fund	8,220	3,124
	<u>31,555</u>	<u>34,800</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,874	(167)
<b>Balance at 31 March</b>	<u><u>190,048</u></u>	<u><u>202,530</u></u>



**Pensions Reserve**

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

	31/03/25	31/03/24
	£'000	£'000
<b>Balance at 1 April</b>	0	45,020
Reversing out IAS19 items	(12,313)	(9,800)
Remeasurements	55,503	41,095
Pension Costs payable	10,290	9,757
Asset ceiling adjustment	(56,349)	(86,072)
<b>Balance at 31 March</b>	<b>(2,869)</b>	<b>0</b>

**Deferred Capital Receipts**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangement, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31/03/25	31/03/24
	£'000	£'000
Low Cost Home Ownership Scheme	349	349
WG Houses into Home loans	175	274
HILS/H2H Capital Loans Deferred	190	261
Planning Permissions Commuted	2,777	2,460
Emergency Repair loans	422	400
Community Housing Scheme Loans	341	0
Other Deferred Capital Receipts	65	65
<b>Balance at 31 March</b>	<b>4,319</b>	<b>3,809</b>

**Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2024/25	2023/24
	£'000	£'000
<b>Balance at 1 April</b>	(3,382)	(4,073)
Settlement or cancellation of accrual made at the end of the preceding year	3,382	4,073
Amounts accrued at the end of the current year	<u>(4,108)</u>	<u>(3,382)</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(726)	691
<b>Balance at 31 March</b>	<u><b>(4,108)</b></u>	<u><b>(3,382)</b></u>

### 1.28 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25	2023/24
	£'000	£'000
Interest Paid	(4,992)	(2,676)
Interest Received	2,218	3,008

### 1.29 MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Details of individual payments, as required by The Local Authorities (Allowances for Members of County and County Borough and National Park Authorities) (Wales) Regulations 2002 are published in the local press.

	2024/25	2023/24
	£'000	£'000
Salaries	979	916
Expenses	4	3
<b>Total</b>	<u><b>983</b></u>	<u><b>919</b></u>

### 1.30 OFFICERS' REMUNERATION

- The multiple between the median full time equivalent earnings and the Chief Executives' maximum salary is **1:5.1** (2023/24: 1:5.2)
- The average full time equivalent earnings of the Chief Executive is **£142,141** (2023/24: £138,674)
- The median full time equivalent earnings of all the Council's employees is **£27,711** (2022/23: £26,421)

The remuneration paid to the Council's senior employees is as follows:

**Senior Officers Emoluments - Salary between £60,000 and £150,000**

**2024/25**

<b>Post Holder Information (Post Title)</b>	<b>Salary (inc. Fees &amp; Allowances) £</b>	<b>Returning Officer/Election Related Payments</b>	<b>Compensation for loss of employment</b>	<b>Pension Contributions Employers £</b>	<b>Total Remuneration Including Pension Contributions £</b>
Chief Executive	142,141	8,527	0	21,331	<b>171,999</b>
Corporate Director	114,120	5,451	0	16,662	<b>136,233</b>
Corporate Lead Officer: Porth Cynnal	99,937	0	0	14,591	<b>114,528</b>
Corporate Lead Officer: Lifelong Learning (Interim)	92,418	1,330	0	13,493	<b>107,241</b>
Corporate Director	87,597	584	0	16,662	<b>104,843</b>
Corporate Lead Officer: Finance & Procurement (S151)	90,578	716	0	13,224	<b>104,518</b>
Corporate Lead Officer: Democratic Services	85,162	6,579	0	12,434	<b>104,175</b>
Corporate Lead Officer: Legal & Governance Services	85,162	1,295	0	12,434	<b>98,891</b>
Corporate Lead Officer: Policy & Performance	85,162	637	0	12,434	<b>98,233</b>
Corporate Lead Officer: Economy & Regeneration	85,162	604	0	12,434	<b>98,200</b>
Corporate Lead Officer: Highways & Environmental Services	85,162	527	0	12,434	<b>98,123</b>
Corporate Lead Officer: People & Organisation	85,162	465	0	12,434	<b>98,061</b>
Corporate Lead Officer: Porth Gofal	85,162	275	0	12,434	<b>97,871</b>
Corporate Lead Officer: Customer Contact, ICT & Digital	81,549	601	0	11,906	<b>94,056</b>
Corporate Lead Officer: Porth Cymorth Cynnar (Interim)	81,894	660	0	11,448	<b>94,002</b>
Corporate Lead Officer: Schools (Interim) - to Aug'24 (1)	36,301	0	0	10,411	<b>46,712</b>

No benefits in kind were paid to senior officers.

- 1) The Corporate Lead Officer: Schools (Interim) departed the post on 31<sup>st</sup> August 2024. This appointment was on a secondment basis and came with the entitlement to remain a member of the Teachers' Pension Scheme.

**Senior Officers Emoluments - Salary between £60,000 and £150,000**  
**2023/24**

<b>Post Holder Information (Post Title)</b>	<b>Salary (inc. Fees &amp; Allowances)</b>	<b>Returning Officer/Election Related Payments</b>	<b>Compensation for loss of employment</b>	<b>Pension Contributions Employers</b>	<b>Total Remuneration Including Pension Contributions</b>
	<b>£</b>			<b>£</b>	<b>£</b>
Chief Executive	138,674	1,269	0	20,418	<b>160,361</b>
Corporate Director	111,337	1,015	0	16,255	<b>128,607</b>
Corporate Director	108,959	0	0	15,908	<b>124,867</b>
Corporate Lead Officer: Finance & Procurement (S151)	86,608	0	0	12,645	<b>99,253</b>
Corporate Lead Officer: Democratic Services	83,085	1,072	0	12,130	<b>96,287</b>
Corporate Lead Officer: Economy & Regeneration	83,085	0	0	12,130	<b>95,215</b>
Corporate Lead Officer: Highways & Environmental Services	83,085	0	0	12,130	<b>95,215</b>
Corporate Lead Officer: Legal & Governance Services	83,085	521	0	12,130	<b>95,736</b>
Corporate Lead Officer: People & Organisation	83,085	0	0	12,130	<b>95,215</b>
Corporate Lead Officer: Policy & Performance	83,085	0	0	12,130	<b>95,215</b>
Corporate Lead Officer: Porth Gofal	83,085	0	0	12,130	<b>95,215</b>
Corporate Lead Officer: Customer Contact, ICT & Digital (1)	77,796	0	0	11,358	<b>89,154</b>
Corporate Lead Officer: Schools (Interim) - from June 2023 (2)(3)	68,314	0	0	16,177	<b>84,491</b>
Corporate Lead Officer: Lifelong Learning (Interim) - from June 2023 (2)	72,659	0	0	10,608	<b>83,267</b>
Corporate Lead Officer: Porth Cymorth Cynnar (Interim) - from June 2023 (4)	63,966	0	0	9,339	<b>73,305</b>
Corporate Lead Officer: Porth Cynnal - Sept to Nov 2023 (5)	19,789	0	0	2,768	<b>22,557</b>
Corporate Lead Officer: Porth Cynnal - from Jan 2024 (5)	17,036	0	0	2,487	<b>19,523</b>
Corporate Lead Officer: Schools - to May 2023 (2)	15,348	0	0	2,194	<b>17,542</b>
Corporate Lead Officer: Porth Cymorth Cynnar - to May 2023 (2)	14,771	0	0	2,157	<b>16,928</b>

No benefits in kind were paid to senior officers.

- 1) The Corporate Lead Officer: Customer Contact retired on 31<sup>st</sup> March 2023, a new Corporate Lead Officer: Customer Contact, ICT & Digital was appointed and commenced the post on 1<sup>st</sup> April 2023.
- 2) Due to the departure of the Corporate Lead Officer: Schools on 31<sup>st</sup> May 2023, the decision was taken to divide the post into two temporary posts on a two-year secondment basis; Corporate Lead Officer: Lifelong Learning (Interim) and Corporate Lead Officer: Schools (Interim). Corporate Lead Officer: Lifelong Learning (Interim) was filled by the Corporate Lead Officer: Porth Cymorth Cynnar and commenced on 5<sup>th</sup> June

2023. Corporate Lead Officer: Schools (Interim) was appointed and also commenced on 5<sup>th</sup> June 2023.

- 3) The secondment to Corporate Lead Officer: Schools (Interim) came with the entitlement to remain a member of the Teachers' Pension Scheme.
- 4) Following the appointment of the incumbent Corporate Lead Officer: Porth Cymorth Cynnar to Corporate Lead Officer: Lifelong Learning (Interim), a new Corporate Lead Officer: Porth Cymorth Cynnar (Interim) was appointed on a secondment basis and commenced the post on 5<sup>th</sup> June 2023.
- 5) Corporate Lead Officer: Porth Cynnal was appointed and commenced the post on 1<sup>st</sup> September 2023 but departed the post on 10<sup>th</sup> November 2023. A new permanent Corporate Lead Officer: Porth Cynnal was appointed and commenced the post on 29<sup>th</sup> January 2024. During periods without a permanent Corporate Lead Officer: Porth Cynnal, an Interim Corporate Lead Officer was engaged via an agency. The engagement covered the periods 1<sup>st</sup> November 2022 to 30<sup>th</sup> September 2023 and 13<sup>th</sup> November 2023 to 28<sup>th</sup> January 2024. The cost incurred for 2023/24 was £115,520.70. This includes salary and expenses paid to the officer together with fees due to the agency.

The number of employees (not including the senior employees shown separately above) whose remuneration was £60,000 or more, in bands of £5,000 is shown below. These amounts do not include any employer's pension contributions paid. They do however include amounts paid to or receivable by the employee for any compensation for loss of employment (5 employees in 2024/25 and 2 employees in 2023/24).

Included in the bandings are teachers who are employed by Voluntary Controlled/Voluntary Aided Schools (3 teachers in 2024/25 and 3 teachers in 2023/24).

Remuneration Band	2024/25 No. of Employees	2024/25 No. which Include Termination Payments	2023/24 No. of Employees	2023/24 No. which Include Termination Payments
£60,000 - £64,999	56	2	42	1
£65,000 - £69,999	40	0	29	0
£70,000 - £74,999	13	2	12	0
£75,000 - £79,999	2	0	2	1
£80,000 - £84,999	2	1	1	0
£85,000 - £89,999	2	0	3	0
£90,000 - £94,999	2	0	1	0
£95,000 - £99,999	0	0	3	0
£100,000 - £104,999	3	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	1	0	1	0
<b>TOTAL</b>	<b>121</b>	<b>5</b>	<b>94</b>	<b>2</b>

The above table includes 93 Teaching staff (e.g. Headteachers), 12 Soulbury staff (e.g. Educational Improvement officers) and 16 NJC staff (e.g. Corporate Managers) in 2024/25 (76 Teaching staff, 10 Soulbury Staff and 8 NJC staff in 2023/24).



The Council terminated the contracts of a number of employees in 2024/25, incurring liabilities of £620k (£434k in 2023/24). The following payments comprise of statutory and voluntary redundancy costs, lump sum payments, pension contributions in respect of added years and pension strain and other ex gratia payments.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total Number of exit packages		Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	no.	no.	no.	no.	no.	no.	£'000	£'000
£0 - £20,000	26	7	26	27	52	34	337	270
£20,001 - £40,000	1	1	9	5	10	6	283	164
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>8</b>	<b>35</b>	<b>32</b>	<b>62</b>	<b>40</b>	<b>620</b>	<b>434</b>
<b>Add: Amounts provided for in Comprehensive Income &amp; Expenditure Statement not included in bandings</b>							<b>0</b>	<b>0</b>
<b>Total cost included in the Comprehensive Income &amp; Expenditure Statement</b>							<b>620</b>	<b>434</b>

### 1.31 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection for the 2024/25 financial year are payable by the Council:

	Proposed Fee	Estimated Fee
	2024/25	2023/24
	£'000	£'000
Financial Audit Work	198	195
Performance Audit Work	118	116
Grant Certification Work	29	29
Other Financial Audit Work:		
Ceredigion Harbour Authority	2	2
	<b>347</b>	<b>342</b>

### 1.32 RELATED PARTY TRANSACTIONS

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

#### Central Government

Central government has effective control over the general operations of the Council – it 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, housing benefits).



Individual revenue and capital grants received from government departments are shown in note 1.12.

### Members and Officers

The Council has arrangements in place requesting officers and members to identify and disclose related party transactions. There were no material related party transactions with officers during the year.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' salaries paid in 2024/25 is shown in Note 1.29. Under the Code of Conduct, Members are required to record in the Register of Members' Interests any financial and other personal interests. The Register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned.

The following transactions related to elected members took place during the year 2024/25:

Related party	Relationship and transaction details	Amount £'000
Neuadd Pentre Aberporth Village Hall	One member is a trustee. Funding provided for various schemes/projects including Changing Spaces provision, Local Places for Nature Challenge Fund and Shared Prosperity Fund.	54
Theatr Mwldan	One member is a trustee. Contribution from Shared Prosperity Fund	83
Strata Florida Trust	One member is a director and trustee. Contribution from Shared Prosperity Fund and grant payment for purchase of land.	70
Cyngor Bopeth Ceredigion Citizens Advice Bureau	One member is a director. Payments made as part of Warm Homes Fund project and Shared Prosperity Fund.	180
Cerbydau Cenarth Coaches	One member is a director. Payments for school transport.	696
Cymdeithas Chwaraeon Llandysul	One member is a director. Contribution from Shared Prosperity Fund	40
Cardigan Castle Enterprises	One member is a Director. Ticket Sales for events and contribution from Shared Prosperity Fund	73
West Wales Care & Repair	One member is a Voluntary Director. Various grants to support independent living for residents	132
<b>Total</b>		<b>1,328</b>

### 1.33 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 and PFI contracts), 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.

	2024/25 £m	2023/24 £m
<b>Opening Capital Financing Requirement *</b>	147.6	138.3
<b>Capital Investment:</b>		
Property, Plant and Equipment	49.8	27.7
Investment Properties	0.6	0.5
Other	0.2	0.0
Revenue Expenditure Funded from Capital under Statute	1.7	1.7
<b>Sources of Finance:</b>		
Capital Receipts	(0.8)	(0.2)
Government grants and other contributions	(20.3)	(18.7)
<b>Sums set aside from Revenue:</b>		
Direct Revenue Contributions - General Fund	(8.3)	(3.1)
Minimum Revenue Provision	(1.9)	(1.6)
<b>Closing Capital Financing Requirement</b>	<b>168.6</b>	<b>144.6</b>
<b>Explanation of Movements in year</b>		
Increase in underlying need to borrow (supported)	21.8	6.9
Increase in underlying need to borrow (unsupported)	(0.4)	(0.5)
Assets acquired under PFI	(0.2)	(0.1)
Assets acquired under finance leases	(0.2)	0.0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>21.0</b>	<b>6.3</b>

\* Includes adjustment for IFRS16 leases.

### 1.34 LEASES

#### **Council as Lessee:**

#### **Right of Use Assets**

The Council has acquired various buildings, photocopiers, printers, computers and other equipment that are deemed Right of Use (ROU) Assets. They were carried in the Balance Sheet at the following values:

	31 March 2025 £'000	31 March 2024 £'000
Land and Buildings	522	0
Vehicles, plant, furniture and equipment	191	161
Infrastructure	718	914

The Council is committed to making the following payments under these agreements:

	31 March 2025 £'000	31 March 2024 £'000
ROU Asset Liabilities (NPV of minimum payments):		
- Current	238	72
- Non-current	1,111	505
Finance costs payable in future years	895	(60)
Minimum lease payments	<b>2,244</b>	<b>517</b>

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

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 2025</b>	<b>31 March 2024</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	299	74	238	72
Later than one year and not later than five years	658	135	477	159
Later than five years	1,287	308	634	346
Minimum lease payments	<b>2,244</b>	<b>517</b>	<b>1,349</b>	<b>577</b>

### Operating Leases

The Council has acquired vehicles, photocopiers, computers and various other equipment under operating lease terms. The Council is committed to making the following payments under these agreements:

	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	35	103
Later than one year and not later than five years	62	61
Later than five years	0	0
Minimum lease payments	<b>97</b>	<b>164</b>

### Council as Lessor:

### Operating Leases

The Council has leased out its Corporate Estate properties under operating lease terms.

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

	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	679	671
Later than one year and not later than five years	2,415	2,402
Later than five years	24,955	26,319
Minimum lease payments	<b>28,049</b>	<b>29,392</b>

## 1.35 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

### Ysgol Gyfun Penweddig PFI Scheme

2024/25 was the twenty fifth year of a 30 year PFI contract for the construction, maintenance and operation of Ysgol Gyfun Penweddig in Aberystwyth. The PFI contract agreement covers the following operating specifications:

- Facilities Management – to ensure that the site and buildings are available during school days, office days and for community use at agreed times and periods;
- Building and Engineering Maintenance – to maintain the school buildings, facilities and equipment in good working order;
- Grounds Maintenance – to ensure that the school grounds are kept in a safe, pleasant, functional and operational condition;
- IT Network Maintenance – to maintain the school's main ICT infrastructure and the telephone system;

- Cleaning – to provide a cleaning service that will ensure that the school operates within a clean environment; and
- Catering Service – to provide meals of high nutritional standards delivered in accordance with the needs of the school.

The agreement specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the school and maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The building and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council has rights under the PFI agreement to terminate the agreement if the Provider defaults as stipulated within the agreement. The Council, in the event of such termination, will be liable to pay compensation to the Provider in accordance with Part II of Schedule 3 of the PFI Agreement.

### Property Plant and Equipment

The asset is recognised on the Council's Balance Sheet. Movements in its value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 1.13. The carrying value of Ysgol Gyfun Penweddig is £27,681k.

### Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

<u>Payments due to be made:</u>	<b>Payment for Services £'000</b>	<b>Reimbursement of Capital Exp £'000</b>	<b>Interest £'000</b>	<b>Total £'000</b>
within 1 year	807	966	556	2,329
within 2 to 5 years	3,032	2,747	1,238	7,017
within 6 to 10 years	491	272	52	815
	<b>4,330</b>	<b>3,985</b>	<b>1,846</b>	<b>10,161</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is as follows:

### Value of Liabilities at Balance Sheet Date

	<b>2024/25 £'000</b>	<b>2023/24 £'000</b>
Balance at 1 April	3,010	3,517
Restatement (IFRS16)	2,147	0
Repayment of Principal	(1,172)	(507)
Balance at 31 March	<b>3,985</b>	<b>3,010</b>
Long term	3,019	2,521

**1.36 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita. 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, a notional fund is used 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 purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25 the Council paid £8.1m (£6.6m in 2023/24) to the Department for Education and Skills in respect of teachers' pension costs, which represents 28.68% of teachers' pensionable pay for 2024/25 (23.68% of teachers' pensionable pay for 2023/24). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2024/25, £409k (£402k in 2023/24) was paid to the Teachers' Pension Fund, either directly or via Carmarthenshire County Council (in respect of the Council's share of the former Dyfed County Council's costs relating to the premature retirement of teachers). Also, the Council made payments of £450k in 2024/25 (£428k in 2023/24) directly to teachers who have retired prematurely since 1 April 1996. The capitalised value of the above payments is £7.37m and £8.10m respectively.

**1.37 DEFINED BENEFIT PENSION SCHEMES****Participation in Pension Schemes**

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

The Council participates in the Local Government Pension Scheme, administered by Carmarthenshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The estimated employer contributions for 2025/26 are £10,290k and this is based on contribution rates set per the 2022 Actuarial Valuation.

**Transactions Relating to Post-employment Benefits**

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund

	2024/25 £'000	2023/24 £'000
<b>Comprehensive Income and Expenditure Statement:</b>		
Cost of Services:		
- current service cost	12,221	12,083
- past service cost	344	0
- (gain)/loss from settlements/curtailments	0	331
Financing and Investment Income and Expenditure:		
- net interest cost	(4,470)	(2,614)
- interest on Asset ceiling	4,218	
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>12,313</b>	<b>9,800</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:</b>		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	13,611	(30,118)
- Actuarial gains and losses arising on changes in demographic assumptions	(1,107)	(5,955)
- Actuarial gains and losses arising on changes in financial assumptions	(68,047)	(7,464)
- Experience (gain)/loss	40	2,442
Asset ceiling adjustment	56,349	86,072
	846	44,977
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>13,159</b>	<b>54,777</b>
<b>Movement in Reserves Statement:</b>		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(12,313)	(9,800)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
- employers' contributions payable to scheme	10,290	9,757

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

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

	2024/25 £'000	2023/24 £'000
Present value of the defined benefit obligation	408,916	457,167
Fair value of plan assets	(552,686)	(543,239)
Asset ceiling adjustment	146,639	86,072
<b>Net (asset)/liability arising from defined benefit obligation</b>	<b>2,869</b>	<b>0</b>



IAS19 limits the amount of pension surplus that can be recognised, taking into consideration future contributions and costs. This limit is the 'asset ceiling' and is calculated in accordance with International Financial Reporting Standards.

### Change in Asset Ceiling to 31 March 2025

	£'000
Asset Ceiling impact as at 31/03/24	86,072
Interest on surplus above asset ceiling	4,218
Asset ceiling adjustment 2024/25	56,349
<b>Asset ceiling impact as at 31/03/25</b>	<b>146,639</b>

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

	All Benefits		Unfunded Benefits	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	543,239	492,278	0	0
Interest income	26,540	23,783	0	0
Remeasurement gain/(loss):				
- The return on plan assets, excluding the amount included in the net interest expense	(13,611)	30,118	0	0
Contributions from employer	10,290	9,757	355	358
Contributions from employees into the scheme	4,262	4,060	0	0
Benefits paid	(17,762)	(16,500)	(355)	(358)
Other	(272)	(257)	0	0
<b>Closing fair value of scheme assets</b>	<b>552,686</b>	<b>543,239</b>	<b>0</b>	<b>0</b>

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

	All Liabilities		Unfunded Liabilities	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
Opening balance at 1 April	457,167	447,258	3,281	3,532
Current service cost	11,949	11,826	0	0
Interest cost	22,070	21,169	152	161
Contributions from scheme participants	4,262	4,060	0	0
Remeasurement (gains) and losses:				
- Experience (gains)/losses	40	2,442	0	21
- Actuarial (gains)/losses arising from changes in financial assumptions	(68,047)	(7,464)	(198)	(23)
- Actuarial (gains)/losses arising from changes in demographic assumptions	(1,107)	(5,955)	(11)	(52)
Past service cost	344	0	0	0
Losses/(gains) on curtailment	0	331	0	0
Benefits paid	(17,762)	(16,500)	(355)	(358)
<b>Closing balance at 31 March</b>	<b>408,916</b>	<b>457,167</b>	<b>2,869</b>	<b>3,281</b>

**Local Government Pension Scheme assets comprised:**

		<b>Fair value of scheme assets</b>	
		<b>2024/25</b>	<b>2023/24</b>
		<b>£'000</b>	<b>£'000</b>
Equities:	UK	62,288	66,581
	Global	276,951	263,847
	Japan	21,555	21,786
	Emerging Markets	32,277	31,015
	European ex UK	7,406	11,987
<b>Sub-total equities</b>		<b>400,477</b>	<b>395,216</b>
Bonds:	WPP Global Credit Fund	50,737	51,116
<b>Sub-total bonds</b>		<b>50,737</b>	<b>51,116</b>
Property:	Property Funds	57,700	66,913
<b>Sub-total property</b>		<b>57,700</b>	<b>66,913</b>
Alternatives:			
	Black Rock UK SAIF	20,394	20,758
	Infrastructure WPP GCM Grosvenor	7,627	3,774
	Infrastructure WPP Capital Dynamics	553	428
	WPP Global Private Credit	10,225	2,313
<b>Sub-total alternatives</b>		<b>38,799</b>	<b>27,273</b>
Cash:	Cash accounts	4,973	2,721
<b>Sub-total cash</b>		<b>4,973</b>	<b>2,721</b>
<b>Total assets</b>		<b>552,686</b>	<b>543,239</b>

**Split of assets between investment categories**

	<b>2024/25</b>	<b>2023/24</b>
Equities	72.46%	72.75%
Bonds	9.18%	9.41%
Property	10.44%	12.32%
Alternatives	7.02%	5.02%
Cash	0.90%	0.50%

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the last actuarial valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary have been:

	31 March 25	31 March 24
<b>Duration information as at the end of the accounting period:</b>		
Estimated Macaulay duration of liabilities	18 years	18 years
Duration profile used to determine assumptions	Very Mature	Very Mature
<b>Financial assumptions:</b>		
- Rate of CPI Inflation/CARE benefits revaluation	2.60%	2.70%
- Rate of increase in salaries	4.10%	4.20%
- Rate of increase in pensions in payment/deferment	2.70%	2.80%
- Discount rate	5.80%	4.90%
<b>Post retirement mortality assumptions (normal health):</b>		
Non retired members M/F		
- Mortality table	SAPS 4 / SAPS 4 middle	SAPS 3 / SAPS 3 middle
- Improvements	CMI_23_[1.5%] / CMI_23_1.5%	CMI_22_[1.5%] / CMI_22_1.5%
- Weightings	103% / 97%	105% / 97%
- Additional parameters	S=7, A=0	S=7, A=0
	W20=W21=0, W22=W23=15%	W20=W21=0, W22=25%
- Life expectancy at 65*	22.9 / 25.7	22.9 / 25.6
*currently aged 45		
Retired member M/F		
- Mortality table	SAPS 4 / SAPS 4 middle	SAPS 3 / SAPS 3 middle
- Improvements	CMI_23_[1.5%] / CMI_23_1.5%	CMI_22_[1.5%] / CMI_22_1.5%
- Weightings	100% / 97%	102% / 97%
- Additional parameters	S=7, A=0	S=7, A=0
	W20=W21=0, W22=W23=15%	W20=W21=0, W22=25%
- Life expectancy at 65*	21.5 / 23.9	21.5 / 23.8

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



**Sensitivity analysis as at 31 March 2025**

Disclosure item	Central	Sensitivity 1 + 0.5% p.a. discount rate	Sensitivity 2 + 0.25% p.a. inflation	Sensitivity 3 + 0.25% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	457,167	422,518	475,543	460,273	468,518
Assets	(543,239)	(543,239)	(543,239)	(543,239)	(543,239)
Deficit/(Surplus)	<b>(86,072)</b>	<b>(120,721)</b>	<b>(67,696)</b>	<b>(82,966)</b>	<b>(74,721)</b>
Projected Service Cost for next year	11,304	9,687	12,196	11,304	11,599
Projected Net Interest Cost for next year	(4,457)	(6,782)	(3,547)	(4,295)	(3,891)

	<b>Sensitivity 5</b> <b>+/- 1% change in Investment returns</b>	
	+1%	-1%
	£'000	£'000
Liabilities	457,167	457,167
Assets	(548,703)	(537,775)
Deficit/(Surplus)	<b>(91,536)</b>	<b>(80,608)</b>
Projected Service Cost for next year	11,304	11,304
Projected Net Interest Cost for next year	(4,725)	(4,189)

**Risks associated with the Pension Fund**

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

**1.38 DISCLOSURE OF NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity and Re-financing risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Treasury Management is carried out by a central Treasury team supported by an external advisor – MUFG Corporate Markets. Treasury Management is defined as '*The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks*'.

The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy, which is approved annually by Full Council. Guidance exists in the form of a CIPFA

Treasury Management code of practice. The Council's Treasury Management Strategy sets out the Council's policies for managing its investments and debt and for giving priority to the security and liquidity of those investments.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they have a credit rating.

All credit ratings are monitored via a creditworthiness service which provides online information together with weekly credit rating lists provided by MUFG Corporate Markets. This utilises credit ratings from all 3 credit rating agencies (Fitch, Moodys and Standards & Poors) and also factors in credit default swaps data where this exists in the markets. The Council is notified electronically every time a change occurs to the rating of an institution that is on the approved list. If a counterparty or investment scheme is down-graded with the result that it no longer meets the Council's minimum credit criteria, the use of that counterparty/investment scheme will be withdrawn with immediate effect.

The credit criteria in respect of financial assets held by the Council as at 31st March 2025 are detailed below:

<b>Financial Category</b>	<b>Asset</b>	<b>Criteria</b>	<b>Maximum Individual Investment held as at 31/03/25</b>	<b>Total Investments held as at 31/03/25</b>
Deposits with UK Government Debt Management Office		Not credit rated	£3.0m	£10.0m
Deposits with Banks / Building Societies		Minimum rating: Long Term A- Short Term F1	£5.0m	£17.4m

The Council has an investment schedule which is approved by Full Council as part of the annual Treasury Management Strategy. This list shows:

- the categories of investment that are allowed and who is authorised to invest in each category (e.g. in house officers, external fund managers);
- the minimum credit rating criteria required for each type of investment;
- the maximum value of funds that can be invested with each individual counterparty;
- the maximum value of funds that can be invested for each category of investment;
- the maximum duration allowed for each type of investment;
- the upper limit for investments of greater than 364 days' duration.

This schedule is reviewed regularly and updated in line with latest credit ratings and market conditions.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default.

	Amount at 31 March 2025 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
<b>Deposits with Banks &amp; Financial institutions</b>			
Fixed Term deposits with UK DMO	10,000	0.00%	-
AAA rated counterparties	0	0.04%	-
AA rated counterparties	6,000	0.02%	1
A rated counterparties	11,353	0.05%	6
	<b>27,353</b>		<b>7</b>

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Management Strategy report.

The financial services sector continues to face much uncertainty and challenges. The Council continues to closely monitor the credit ratings of institutions on its approved counterparty list. Any counterparty that is downgraded resulting that it no longer meets the Council's minimum credit criteria, will with immediate effect be withdrawn from the approved counterparty list.

### Liquidity and Re-financing Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will need to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this end the debt maturity profile is a key consideration when undertaking new borrowing or the restructuring of existing borrowing.

The maturity analysis of the Council's external debt as at 31/03/2025 is:

	£'000
Less than one year	1,848
Between 1 and 2 Years	3,931
Between 2 and 5 Years	9,592
Between 5 and 10 Years	23,698
10 Years and over	89,867
	<b>128,936</b>

All trade and other payables are due to be paid in less than one year.

### Market Risk

#### Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest



payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

The main strategy the Council adopts to manage interest rate risk is to manage the core balance and cashflow requirements, making longer investments where surplus funds allow, whilst at the same time recognising the financing requirements within the Council's 3-year capital Programme.

For 2024/25 the Council's investment portfolio (excluding accrued interest) began the year at £37.2m and ended the year at £27.4m. The debt portfolio (excluding accrued interest) began the year at £106.6m and ended the year at £128.7m. The increase in borrowing is mainly attributed to borrowing taken out to contribute to funding the Aberaeron Coastal Protection Scheme. This funding is supported by WG.

An assessment of the latest interest rate position and future forecasts feeds into the setting of the annual budget. This is also used to monitor and project a budget outturn position regularly during the year. This allows any adverse changes to be taken into account. Interest rate forecasts are received from independent forecasters via the Council's external treasury advisors. This not only influences borrowing strategies but also investment timescales and the overall balance of the investment and borrowing portfolios.

At 31/03/2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in Interest Receivable on variable rate investments	19
<b>Total impact on Income and Expenditure Account</b>	<b>19</b>

<b>Fair Value Impact</b>	£'000
Decrease in fair value of fixed rate borrowings	10,207

The Fair Value of Fixed Rate investments and the difference to their carrying value is not material. The Council also does not have any variable rate borrowing liabilities.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Investment returns for 2024/25 have decreased compared to the previous year following the Bank of England's reduction in interest rates from the peak of 5.25% (2024/25: £2.38m 2023/24: £2.75m).

### Price Risk

The Council no longer uses an external fund manager, therefore the investments it places are currently based on fixed interest rates. The Council is therefore not currently exposed to losses arising from movements in the prices of traded items e.g. shares, gilts, certificates of deposits.

### Foreign Exchange Risk

The Council does not have any financial assets or liabilities denominated in foreign currencies and therefore does not have an exposure to loss arising from movements in exchange rates.

### 1.39 CONTINGENT LIABILITIES

#### **Human Rights Act (1998)**

The Council currently has on-going cases where it is alleged the Council has breached the claimant's human rights under the Human Rights Act (1998). These cases are at the early stages where the exact nature of the allegations being made and the potential liability to the Council have yet to be established.

#### **Breach of contract**

Legal proceedings have commenced against the Council after it terminated a contract with a supplier. This case is being reviewed.

#### **Contractual dispute**

A County court claim has been lodged against the Council during the year in relation to sundry debts going back to 2018/19, together with associated damages. There is currently a stay on proceedings to determine if both parties can reach a settlement agreement.

### 1.40 JOINT COMMITTEES

#### **Growing Mid Wales Board**

The Council and Powys County Council are members of the Growing Mid Wales Board which was established in 2020/21. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. A separate annual return has been produced for the Board. The only figures relating to Growing Mid Wales which are included in the Income and Expenditure Account is the Council's contribution towards the Board which is £100,000 for 2024/25 (£100,000 for 2023/24) and income received of £20,000 in relation to services provided by the Council (£15,000 for 2023/24).

### 1.41 CORPORATE JOINT COMMITTEES

#### **Mid Wales Corporate Joint Committee (MWCJC)**

The Council, Powys County Council and Bannau Brycheiniog National Park Authority are members of the MWCJC which was established in 2021/22. The Committee is tasked with the development of regional transport, strategic development plans and improving economic wellbeing. A separate annual return has been produced for the MWCJC. The only figures relating to the MWCJC which are included in the Income and Expenditure Account is the Council's contribution which is £100,000 for 2024/25 (£84,997 for 2023/24) and income received of £224,304 in relation to services provided by the Council (£51,723 for 2023/24).

### 1.42 POST BALANCE SHEET EVENTS AND AUTHORISATION OF ACCOUNTS FOR ISSUE

There are no post balance sheet events for 2024/25.

The Statement of Accounts is authorised for issue by the Corporate Lead Officer: Finance & Procurement on 16 July 2025.

## **ANNUAL GOVERNANCE STATEMENT**

### 1. Executive Summary

The Annual Governance Statement is an assessment of the Council's governance arrangements and is used as a tool for corporate improvement, to evaluate strengths and weaknesses in the governance framework and as part of an annual action plan.

The review of the 2024/25 AGS was assessed by the Chief Internal Auditor (Corporate Manager - Internal Audit on the 10<sup>th</sup> of February 2025 and provided **Substantial** assurance that there was a sound system of scrutiny and robustness in place and that the systems and procedures in preparing and scoring the Governance Framework are satisfactory.

The Council is assessed as having a satisfactory framework of governance, risk management and internal controls in place to manage the achievement of the organisation's objectives during the year, based on:

- the number, scope and assurances from internal and external sources during the year to 31 March 2025, and
- the acceptance of actions by management (where available).

The annual governance framework review measures progress against the CIPFA/SOLACE Delivering Good Governance Framework (2016) and overall governance arrangements were found to be acceptable or good. The Council achieved this by:

- Acknowledging the responsibility of ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's governance framework
- Referencing and assessing the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment.

The Council has made good progress during the year with recorded achievements against each of the seven core principles. The Governance Framework brings together all the governance arrangements in one document and assures that there are clear governance arrangements in place. The governance arrangements will continue to evolve by considering changes to the corporate strategy.

Areas outlined for improvement are shown at the end of the document in an action plan for completion for 2024/25.

In consideration of the evidence presented to it, on 12<sup>th</sup> of March 2025 the Leadership Group has also concluded the Council's governance arrangements and internal controls are considered **good**.

The Governance and Audit Committee concluded that at its meeting on 26<sup>th</sup> March 2025 based upon the evidence presented to it during 2024/25, the Council's governance arrangements and internal controls are considered **good**.

The Leader of the Council and Chief Executive both acknowledge the importance of having a solid foundation of good governance and sound financial management.

They acknowledge the assessment outlined above and pledge their commitment to address the matters highlighted in this AGS and to further enhance the Council's governance arrangements.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Leadership Group Furthermore, the Governance and Audit Committee is satisfied that the steps outlined in this AGS will address the areas for improvement.

Signed on behalf of **Ceredigion County Council**

**Leader of the Council**

**Chief Executive**

Date: xx/xx/xxxx

Date: xx/xx/xxxx

## 2. Governance Process

### What is Governance?

*“Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust, but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic.”* Corporate governance is the system by which an organisation is directed and controlled.

A good governance structure will include as a minimum:

- Clear governance standards by which an organisation will be governed
- Governance roles and responsibilities
- A mechanism for measuring an organisation's performance against its governance standards.

To be successful an organisation must have a solid foundation of good governance and sound financial management.

### What is an Annual Governance Statement?

The Council is required, each year, to produce an Annual Governance Statement ('AGS') (this document), which explains how the Council has complied with the seven core principles and sub-principles contained in its Governance Framework and also meets the requirement of The Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

The Annual Governance Statement is an assessment of the Council's governance arrangements and can be used as a tool for corporate improvement, to evaluate strengths and weaknesses in the governance framework and as part of an annual action plan.

Ceredigion County Council ('the Council') acknowledges the responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

## Governance Framework

The [Governance Framework](#) comprises the arrangements put in place to ensure that the intended outcomes for all our stakeholders are defined and achieved, whilst ensuring that we always act in the public interest. It also sets out the way the Council meets that commitment in order to achieve the Council's vision and Corporate Well-being Objectives, brings together all governance arrangements and provides assurance that there are clear governance arrangements in place.

## Constitution

The Council's [Constitution](#) sets out the governance arrangements (Standing Orders) for the Council and is revised regularly.

## Corporate Strategy

The Council's [Corporate Strategy](#) sets out the Council's Corporate Well-being Objectives, which aim to improve and enhance the social, economic, environmental and cultural wellbeing of the citizens of Ceredigion and into which the Council will direct its resources.

The Council's vision is to deliver value for money, sustainable bilingual public services, that support a strong economy and healthy environment, while promoting well-being in the people and communities of Ceredigion. This is to be achieved by fulfilling Corporate Well-being Objectives, which can be found in the [Corporate Strategy](#).

The steps the Council plans to take to achieve its Corporate Well-being Objectives will help improve outcomes for local people and maximise its contribution to the 7 National Well-being Goal. The 7 goals are: -

1. A globally responsible Wales
2. A prosperous Wales
3. A resilient Wales
4. A healthier Wales
5. A more equal Wales
6. A Wales of cohesive communities
7. A Wales of vibrant culture and thriving Welsh Language

The process of producing the Annual Governance Statement begins with a Governance Framework Review which is a workshop held by Governance and audit members also attended by officers. The Council's Governance Framework review serves to appraise the Council's



governance arrangements to ensure that the Council is achieving the intended outcomes for its stakeholders/service users. The Framework is based upon the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, *International Framework: Good Governance in the Public Sector* (CIPFA/IFAC,2014).

The Annual Governance Framework review measures progress against the new CIPFA/SOLACE Delivering Good Governance Framework (2016). The review confirmed that the Council's governance arrangements are effective and fit for purpose.

Each year the Council produces the Annual Governance Statement ('AGS'), which explains how the Council has complied with the seven core principles and sub-principles contained in its Governance Framework and meets the requirement of The Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

The Council's governance arrangements for the year 2024/25 have been reviewed in line with the governance framework review. The governance framework is a public statement that sets out the way the Council will meet that commitment in order to achieve its governance arrangements.

### 3. Assessment of the effectiveness of key elements of the Governance Framework

The Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.

The Leader of the Council provides clear strategic direction, and the Constitution clearly defines the roles of Councillors and Officers. Internal and External Audit, Ethics and Standards Committee, and the Governance and Audit Committee are committed to ensuring the governance arrangements are effective and robust.

The Council has conducted an annual review of the effectiveness of its governance against the CIPFA/SOLACE Delivering Good Governance Framework (2016). The review held on the 8<sup>th</sup> of November 2024 involved a member/officer workshop in which the Council's Governance Framework Review was analysed and reviewed, with further changes made after the workshop reported to the Governance and Audit Committee. Contributions were made to the review by the following Members: The Chair of the Governance and Audit Committee along with councillor and lay members of the Committee.

During the workshop each behaviour was introduced and scored against a scoring mechanism, as follows:

1	2	3	4	5
Unacceptable Immediate action required	Below satisfactory - urgent Action Required (within 3-6 months)	Satisfactory - Action Required (before end of year 9-12 months)	Acceptable Minor adjustments may be required	Good - Overall governance considered to be good and meets best practice no further action required

The Governance Framework Review is reviewed by officers, who have governance/management responsibilities within the Council, and by the Council's Leadership Group.

The Leadership Group, which consists of the Chief Executive, Corporate Directors, and Corporate Lead Officers, concluded in their review on 12<sup>th</sup> of March 2025 that the Council's governance arrangements and internal controls are considered **good**.

Following the Governance Framework review, overall governance arrangements are considered to be **good** on the basis that the majority of scores applied were 4/5. Based on the evidence presented to the Governance and Audit Committee during 2024/25, including during the annual Workshop, the Governance and Audit Committee concluded that the Council does have **effective governance arrangements in place**

The Governance and Audit Committee report on the adequacy of the authority's risk management and internal control arrangements, and comment of their effectiveness. The Governance and Audit Committee follow up on risks identified by internal and external auditors reports on risk and these come to every committee. The Governance and Audit Committee also has access to reports from regulators where risks are identified. All reports from auditors and regulators are shared the Governance and Audit Committee as a matter of course.

Actions recommended by the Governance and Audit Committee are included and monitored through the Committee's Actions Log.

The effectiveness of the governance framework review draws on evidence and assurances from:

- Internal and External Audit and Inspection;
- Financial Controls;
- Risk and Performance Management;
- Legal and Ethical Standards;

- Corporate Directors and Other Senior Management, including the S.151 Officer and the Monitoring Officer;
- The Governance and Audit Committee; and
- Overview and Scrutiny Committees.

### Internal Audit

The Chief Internal Auditor (Corporate Manager - Internal Audit) undertakes an independent review of the Annual Governance Statement and the method of scoring and evidence, on an annual basis.

The review of the 2024/25 AGS was completed on 10<sup>th</sup> of February 2025 and provided **substantial** assurance that there was a sound system of scrutiny and robustness in place and that the systems and procedures in preparing and scoring the Governance Framework are satisfactory.

The system of internal control is a significant part of the Governance Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The CIPFA Financial Management Code sets the standards of financial management for local authorities. It is designed to support effective practice in financial management and to assist local authorities in demonstrating their budgetary sustainability.

### 4. Corporate Governance Achievements for 2024-25

The Governance Framework sets out the Council's commitment to the principles of good governance. The following sections provide a summary of the Council's main Corporate Governance achievements during the year (consideration of the achievements in full having been considered during the Framework review carried out between relevant Officers and Governance and Audit Committee members as part of the review process).

To avoid unnecessary repetition, included below is a summary of evidence of the Council's work *during 2024-2025 only* relevant to each of the A-G principles.

#### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Council Members and Officers must comply with the Codes of Conduct, as set out in the Constitution which set out responsibilities and duties. Mandatory training is provided on the Code of Conduct and ethics to Members, as well as training on Ethics/Fraud Awareness for all Council officers.

Members are required to update the Register of Interests in accordance with the Code of Conduct, annually, which is an opportunity to reference any close personal associates/roles, etc. Additionally, declarations of interest are made by members at meetings. This includes lay/independent members. Regular updates on employee declarations of interest and hospitality were published on the Council's CeriNet site.

The Ethics & Standards Committee champions ethical compliance to ensure that the public has trust and confidence that Members and Officers work to the highest ethical and moral standards. It considers member standards and conduct matters, and the Committee provides an Annual Report to Council.

The Council has several policies and strategies in place to prevent fraud and the Governance and Audit Committee was presented with Internal Audit's Annual Report on Counter Fraud.

The Council's various policies are available on the website and/or on CeriNet.

The Politically Restricted Post Register for Officers is maintained, and the Political Restrictions on Local Government Employees Policy is available to employees on CeriNet.

[The Constitution](#) is subject to regular reviews, with ongoing updates as required, including presenting proposed changes to the Cross-Party Constitution Working Group, and making recommendations on changes to the Constitution to Council. MO/Governance Officer reports to Council to update delegations in the Constitution.

The Governance and Audit Committee, which is chaired by a Lay Person and has a 1/3 Lay Person/Member make-up, formed part of the AGS review process during the annual governance framework workshop. The Governance and Audit Committee also undertakes a self-assessment annually and the Chair produces a Chair's annual report outlining the work and the achievements on the GAC.

## B. Ensuring openness and comprehensive stakeholder engagement

Consulting and engagement with citizens are important to the Council. Consultations are published on the Council's website and are promoted on social media. Consultations carried out during 2024-2025 can be found on [Engagement and Consultations - Ceredigion County Council](#)

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

The Council's Corporate Well-being Objectives are included in the Council's [Corporate Strategy](#) and are reviewed each year and reported in the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report published on the Ceredigion County Council website. The purpose and the vision of the Council have been determined by the Council and is contained in the Corporate Strategy 2022-2027. This strategy illustrates how the authority will support and promote the well-being of the citizens of Ceredigion.

All Annual Business Planning arrangements reflect the Golden Thread and make the links to corporate plans including a Business Plan, Strategic Plan, Corporate Performance Management Reporting, and Well-being and Improvement Objectives.

Performance information is outlined in the Council's Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report.

Business Plans are prepared on an annual basis and are monitored quarterly by a Performance Board, which includes Cabinet members and the Chairs and Vice Chairs of the Overview and Scrutiny Committees, and the Chair of the Governance and Audit Committee.

Budget setting is subject to detailed scrutiny by the five Overview and Scrutiny Committees.

A capital appraisal form is completed for new capital projects, which covers the requirement for the project, and is used to assess value for money and the revenue implications of major projects. Capital Investment Strategy is contained within the [Medium Term Financial Strategy](#).

## D. Determining the interventions necessary to optimise the achievement of the intended outcomes

### Determining interventions

To determine the interventions necessary to optimise the achievement of the intended outcomes the Council has an IIA tool and guidance available and training has been rolled out for Officers and Members. Also, a corporate project management group has been established to formalise project development and management. As well as this Organisational Awareness training is available as an optional module of the Corporate Manager Programme, which includes information relating to the decision-making process, Well-being of Future Generations, Equalities, Welsh Language, and the use of the IIAs, Head of Democratic Services and MO (CLO-Legal & Governance) advise as necessary.

### **Planning interventions**

The Corporate Performance Management arrangements ensure planning interventions include weekly Leadership Group meetings, quarterly reporting of progress against level 1 Business Plans, quarterly Performance Board meetings; and quarterly Executive Panel Meetings.

All major collaboration projects have established governance and management arrangements including risk management.

All projects are considered by the Corporate Project Management Panel, which is also attended by IA and is an effective forum for advice/challenge and highlighting risks as Service areas develop projects, including collaboration projects.

The Corporate Project Management Panel helps ensure projects give early consideration to the Well Being of Future Generations Act; to other guidance; to finance, procurement, governance and legal arrangements; to HR implications; Health & Safety; and Internal Audit. Improves project arrangements prior to reporting to the Development Group and other authorisation processes. This also helps identify capital requirements for inclusion in future capital programmes.

### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

#### **Developing the entity's capacity**

To develop the entity's capacity, corporate and line management, corporate induction and Corporate Manager development plans were introduced. CeriNet is the Human Resources intranet and resource to Staff and management, this is regularly reviewed and updated for effectiveness.



The Corporate Performance Management arrangements provide the forum for performance management's needs and thereafter prepare action plans for delivery of corporate improvements in the performance review of Staff. These have been further strengthened with the introduction of annual appraisals for all Staff via the Ceri HR system. The Ceri HR system has ensured that meaningful, current data on Staff is now available to Managers on a monthly basis in order to monitor costs turnover and absence.

### **Developing the capability of the entity's leadership and other individuals**

The Leadership and Senior Officer structure has defined these roles, including how they integrate with each other. This has been done by:

- Job descriptions clearly define the roles and responsibilities required of posts.
- The Constitution sets out the roles and responsibilities of Members (Part 3.4 Table 4) and senior Officers (part 2 Article 2)
- Learning and Development opportunities are offered to those within a Leadership role or who are aspiring leaders.
- A Scheme of Delegation (The Constitution Part 3.5) exists and clearly sets out responsibilities for Members and Officers.
- Protocols are in place for working relationships between Members and Officers (e.g. Officer-Member Protocol).
- Codes of Conduct for Officers and Members are in place.
- Contract Procedure Rules ('CPR') (Part 4 Document G Constitution) are reviewed on a regular basis.
- The Council's Constitution sets out the functions and responsibilities of the Leader and Chief Executive.

## **F. Managing risks and performance through robust internal control and strong financial management**

### **Managing risk**

Good risk management is a key tool in assisting the organisation to manage uncertainty and to enable the organisation to better achieve the outcome of its objectives. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation. Steps must be taken to effectively manage those risks. Risk management supports innovative solutions as it carefully considers benefits, alongside the risks, that may occur.

The Council considers all potential risks around supply and service delivery when preparing for procurement and mitigate these through due diligence questions in tenders and appropriate measures in contracts. Subsequent contract management, monitoring of key contracts and good relationships with suppliers allow for early identification of risks arising during the lifetime of the contract, and for appropriate action to be taken when necessary.

All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers to achieving these objectives through the coordination of identification, assessment, management and reporting of risks.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against, and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work. More information on risks can be found on: [Risk Management Policy](#)

A risk report is presented at every Governance and Audit Committee and any amendment to the risk register is reported to the committee.

### **Managing performance**

Corporate performance management is linked to the Well-being and Improvement Objectives, Corporate Strategy 2022-2027 and the PSB's plans. The Council also has many local indicators which helps it determine whether it has achieved the priorities in its Corporate Strategy 2022-2027. Council approved the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report 2023-2024.

IA undertake an annual self-assessment and have a 5-yearly independent external assessment / peer review as required by the PSIAS. EQA completed May 2022, report & resulting action plan presented to Governance & Audit Committee 27.9.22 along with the CMIA's Internal Audit Self-Assessment. The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of nonconformance. The resulting Quality Assurance Improvement Plan is included in IA's progress reports to GAC and the CMIA's Annual Report.

A Corporate Performance Management Panel meets quarterly. All Corporate Lead Officers report to this Panel and the dates for reporting are published in the report. The Chairs and Vice Chairs of the Overview and Scrutiny Committees attend with the principle that they can identify areas that require inclusion on their respective Forward Work Programmes.

An additional piece of work that has been undertaken in 2024-25 is a Panel Performance Assessment Report. The report found that:

- Considering the current high service demands and very challenging financial pressures, Ceredigion County Council is a well-run local authority.

- The Council has clear and effective leadership with strong relationships across the political and officer executive and wider structures and that the Council is delivering its functions effectively in-light of the significant financial, strategic and operational pressures the Council is dealing with on a daily basis.
- The Council has effective governance and reporting arrangements in place but there is an opportunity to further strengthen the relationships between the Council's executive and back bench members in the decision-making processes and priorities the Council will need to take going forward.
- The Council has established and developing areas of innovation including Well-being Centres, ICT, and hybrid working.
- Opportunities for improvement have been identified, which will enhance the arrangements in place, to support effective communication, relationship management and collective ownership of current and future challenges.

A link to the Cabinet paper is here: [Report- Final Panel Performance Assessment Report.pdf](#)

A link to the Report on our website is here: [Ceredigion County Council Panel Performance Assessment](#)

### **Robust internal control**

Risk Management Policy and Strategy and the Risk Management Framework were approved by Cabinet on 20<sup>th</sup> February 2024 and can be found on [risk-mangement-policy-and-strategy.pdf \(ceredigion.gov.uk\)](#) and [risk-mangement-framework.pdf \(ceredigion.gov.uk\)](#). The policy and strategy outline what the Council does to ensure robust internal control.

The Internal Audit (IA) function also ensures robust internal control and is headed by a the Corporate Manager – Internal Audit who is a qualified Charter Internal Auditor, , has considerable local government experience and is supported by a team with appropriate knowledge and skills. One further member of the IA team is CIA qualified.

IA evaluates and improves the effectiveness of risk management, control & governance processes in accordance with PSIAS, which is self-assessed and reported to Governance and Audit Committee annually along with any improvements required. IA provides an individual assurance to managers after each audit review – these are then used to provide an overall opinion of assurance annually, which feeds in to the AGS.

**Managing data** An ICT and Digital strategy has been created and approved and more information can be found on:

[ICT and Digital Strategy](#).

There is an up-to-date Data Protection & GDPR Policy Information Security Policy; and records Management Policy.

As well as the policies there are also key roles and scrutiny of Information Assets as follows:

- An IT Security Officer ('ITSO') who advises on data security, external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements;
- An Information and Records Management Officer ('IRMO') advises on legal compliance and ensures that policies and procedures are in place and are being adhered to;
- Corporate Data Protection (known internally as Corporate Data Protection / FOI / EIR Group Meeting) meets quarterly and is chaired by the Head of Service Policy (Deputy HOS ICT&CS); and
- Annual Reports as required to the Council's Governance and Audit Committee.

Additionally:

- ITSO is the Vice-chair of Wales National Public Sector Security Forum (CymruWARP) which meets quarterly.
- IRMO Chairs the Information and Records Management Society Wales/Cymru and arranges events across Wales.
- IRMO is part of the WASPI - Mid and West Wales Quality Assurance Panel.

### **Strong public financial management**

There is a policy framework for setting the budgets annually as well as a three-year plan. The latest version of the Medium Term Financial Strategy ('MTFS') is approved by Council.

The S.151 Officer has undertaken a self-assessment review and is satisfied that the Council is compliant with the code.

The MTFS features as a corporate risk that is updated at least three times a year. The annual budget setting also included a risk assessment. The Council is responding to the proposal in the 2016 Wales Audit Office (now Audit Wales) Annual Improvement Report

and considering the report in light of the MTFS by ensuring that the Council's financial management arrangements are sufficiently robust to meet the significant challenges ahead.

A Strategic Plan has been developed and has improved the programme of work necessary to consider service priorities whilst addressing financial constraints.

#### G. Implementing Good Practices in transparency, reporting and audit to deliver effective accountability

##### **Implementing good practice in transparency**

The Council ensures good practice in transparency by having a website with up-to-date committee papers and minutes. Council and Cabinet meetings are broadcasted on the website and through social media and papers are published promptly. Councillors' contact details and committee membership are published on the website as well as declarations of interest for all members.

Consulting and engagement with citizens is important to the Council. Consultations are published on the Council's website and are promoted on social media. Consultations carried out during 2024-2025 can be found on [Engagement and Consultations - Ceredigion County Council](#).

##### **Implementing good practices in reporting**

The County Council's Self-assessment and Review of Performance and Well-being Objectives Annual Report is published on the Ceredigion County Council website to inform Ceredigion citizens what activities and actions the Council undertakes in support of its Well-being and Improvement Objectives. This also forms part of the Council's self-assessment. A summary plan is also available in public offices for our citizens. [Self-Assessment Report 2023-2024](#)

The [AGS](#) evidences how it complies with the seven core Governance Framework Principles and sub-principles contained in the Framework and in the governance framework, including how it puts in place proper arrangements for the governance of its affairs, facilitates the effective exercise of its functions, and makes arrangements for risk management.

##### **Assurance and effective accountability**

A good working relationship exists with Welsh Government and external regulators, including Audit Wales, Estyn, CIW, Financial Services Authority ('FSA'), and Food Standards Agency as key regulators. Audit Wales Protocol is documented, and procedures are in place to

ensure all 'Management Response Forms' from each Audit Wales report are addressed and that Service responses are presented to the Leadership Group, Governance and Audit Committee and Audit Wales. The Governance Officer is the Audit Wales point of contact for ongoing governance-related MRFs/governance matters. The Corporate Performance and Improvement Officer is the point of contact for the performance related MRFs/performance matters. This system is set out in a Protocol, approved by the Leadership Group, and presented to Governance and Audit Committee.

The Chief Internal Auditor (CMIA) is a qualified, Chartered Internal Auditor, and has considerable local government experience, and is supported by a team with appropriate knowledge and skills and a further officer in the IA team is CIA qualified, with another partly qualified. The role of CMIA has free and unfettered access to the Chair of the Governance & Audit Committee and both meet regularly during the year.

The IA function underwent an external quality assessment in 2022 where the external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. The assessment determined that the function conformed to 50 of the best practice areas, partially conformed in six areas and had no areas of non-conformance. A Quality Assurance and Improvement Plan (QA) is in place and is reported regularly to GAC.

## 5. Assurance Opinion on Corporate Governance Arrangements

The Corporate Manager - Internal Audit (CMIA) prepares an Annual Internal Audit Report at year-end, which is usually presented to the Governance and Audit Committee at its June meeting. The report sets out the individual and collective outcomes of the audit reviews undertaken during the year and provides the overall audit opinion of assurance based on this audit work. The assurance provided also considers progress in implementing improvements, consideration of the risk register and assurances provided in reports issued by external regulators. The scope of audit work and how the need to constantly reprioritise to ensure sufficient work is undertaken for the assurance is detailed in the report.

The Internal Audit annual self-assessment of the service is presented to Leadership Group and the Governance & Audit Committee on an annual basis (usually the September meeting) and is based on CIPFA's LG Application Note's template. The resulting QAIP from the External Assessment and Self-Assessment is included in the CMIA's Annual Report including actions taken to achieve the identified proposed improvements.

The CMIA presented the Governance and Audit Committee with an Internal Audit Strategy and an Annual Internal Audit Plan. The Annual Plan is designed to ensure a sufficient area of coverage is undertaken to support the annual opinion on the effectiveness of the systems



of governance, risk management and internal control across the Council. The Internal Audit Annual Plan for 2024/25 summarised the work areas the Internal Audit Section aimed to prioritise during the year.

Internal audit work has been assessed on an on-going basis with regular consideration given to the Council's changing needs and priorities. Assurance for 2024/25 has been placed on planned reviews and reactive work added to the plan during the year to assess the annual level of assurance for the Council. In addition, assurances have been obtained from other sources such as groups and panels the CMIA regularly attends as well as reports from external regulators tracked in the assurance mapping process to contribute to the assurance provided at year-end.

Internal Audit progress reports are presented regularly to the Governance and Audit Committee to update the committee on the IA function's progress towards the annual plan, assurances provided for completed audits, fundamental and substantial management actions issued, available IA resources and updates to the IA Quality Assurance Improvement Plan.

The CMIA has concluded in her 2024/2025 Annual Report that the Council has a satisfactory framework of governance, risk management and internal controls in place to manage the achievement of the organisation's objectives during the year, based on:

- the number, scope and assurances from internal and external sources during the year to 31 March 2025, and
- the acceptance of actions by management (where available).

The Annual Governance Statement will be the subject of review by Audit Wales to ensure that it is consistent with their knowledge and with legislation. In addition, the Internal Audit section undertakes an annual independent review of the Annual Governance Framework and the method of scoring and evidence, as noted in Point 2 above.

## 6. Issues identified from last year (2023-24)

The following table records the actions that have been taken during 2023-24 to resolve the issues identified in the Annual Governance Statement for 2023-24, the Lead Officer responsible for oversight of the Action and the estimated Completion Date. The Lead Officer has responsibility to ensure the action is also detailed, monitored and updated in their own Service's Business Plans

Note: Any actions not fully completed by the completion date will be carried forward into the 2024-25 Action Plan

Issue	Action	Outcome	Lead Officer	Completion Date
A1.2 Ensuring Members take the lead in establishing specific standard operating principles or values for the Organisation and its Staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<p>Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2023-2024.</p> <p>Discussions are currently taking place with Audit Wales to support their Planning Service Follow-Up Review. Any recommendations will be responded to.</p>	<p>Further incorporation and communication of the Standard Operation Principles and values.</p> <p>The Planning Task and Finish Group met on the 7.6.24 &amp; 24.6.24, 19.7.24 and 22.01.25. The main focus of discussions has been on recommendations relating to the: Cooling Off Process; Site Inspection Panels; Member referral process; Enforcement; and Planning performance measures. The final MRF was presented to GAC on 29.01.25. Council approved</p>	<p>Elin Prysor/ Lowri Edwards</p> <p>Russell Hughes Pickering</p>	<p>March 2025</p> <p>Complete</p>

Issue	Action	Outcome	Lead Officer	Completion Date
		Constitution changes on 3.3.25. No further action		
A1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<p>Delegated Decisions Register to be published.</p> <p>Delegated decision register to include the publication of delegated decisions relating to:</p> <ul style="list-style-type: none"> <li>• sales/disposals and acquisitions of property (to include transactions with a value threshold of above £25k, and Community Asset Transfers)</li> <li>• TROs- Permanent/Experimental</li> </ul>	<p>Delegated decision Contract and Tree preservation Orders Registers are already published.</p> <p>A Delegated decision register relating to sales/disposals and acquisitions of property has been created and published from 1.5.25.</p> <p>A Delegated decision register relating to Traffic Road Orders (permanent/experimental has been created and published on 1.5.25.</p>	Elin Prysor	May 2025 Complete
A3.2 Creating the conditions to ensure that the statutory Officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	Ensuring key post holders are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	The Chief Internal Auditor completed the (CIA) Certificate of Internal Audit in November 2023 and achieved the Chartered Internal Auditor Qualification in January 2025.	Elin Prysor / Alex Jenkins	January 2025 Complete

Issue	Action	Outcome	Lead Officer	Completion Date
A3.5 Ensuring corruption and misuse of power are dealt with effectively	Conduct authority-wide Counter Fraud Risk Assessment to produce Fraud Assessment.	IA conducted an authority-wide CF Risk Assessment in November 2023 and March 2025. Results from Fraud Risk Register feed into a Fraud Assessment and the IA Annual Plan. It also informs the CMIA's annual Counter Fraud Report.	Alex Jenkins	November 2023 Complete
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Review of the Freedom of Information (FOI) Publication Scheme	The review of the FOI Publication Scheme will be undertaken over the next year with support from Corporate Business Support. This support is being given due to the urgent pressures within the team relating to responding to the public.	Alun Williams /Marie-Neige Hadfield	December 2025 Partially Complete
B3.2 Ensuring that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement	Revise Social Media Policy (2018).	Following a review, of the Social Media Policy, the policy will be revoked. Instead of a single policy, the expected behaviour standards relating all communication (including via social media) will be incorporated in two policies:	Geraint Edwards	September 2025 Partially Complete

Issue	Action	Outcome	Lead Officer	Completion Date
		<p>Disciplinary Policy Grievance Policy.</p> <p>A revised Grievance Policy was approved by Cabinet in May 2025.</p> <p>A revised Disciplinary policy will be presented to Scrutiny in 2025.</p> <p>Guidance for staff on use of social media will be included on CeriNet</p>		
D2.2 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Review requirement for Corporate Communications Strategy	Due to urgent pressures, work will progress on this throughout 2025.	Lowri Edwards	March 2026 In progress
E2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Delegated Decision Register to be published.	<p>See A1.4 above</p> <p>Audit Wales thematic/national audit on delegated decisions awaited. No further action.</p>	Elin Prysor	March 2025 Complete
E2.9 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to	Panel Review scheduled for 2024	Panel review undertaken w/c 30.9.24 and a final report presented to Cabinet	Alun Williams	May 2025 Complete

Issue	Action	Outcome	Lead Officer	Completion Date
constructive feedback from peer review and inspections		21.1.25. The Council's response and action plan was presented to the Governance and Audit Committee on 26.3.25 and subsequently to Cabinet on 6.5.25.		

#### 7. Agreed action plan for matters to be considered during 2024-25

The Table sets out the issue, action, desired outcome, Lead Officer responsible for oversight of the action and the estimated completion date. The Lead Officer has responsibility to ensure the action is also detailed, monitored and updated in their own Service's business plans.

Issue	Action	Outcome	Lead Officer	Completion Date
A1.1 Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	Counter Fraud training for Members	Training for GAC to be held on 9.6.25.	Alex Jenkins	June 2025  Partially Complete
A1.2 Ensuring Members take the lead in establishing specific standard operating principles or values for the Organisation and its Staff and that they are	Development Management Committee governance actions/documents established, training to be provided	See A1.2 above.  Further incorporation and communication of the	Elin Prysor/ Lowri Edwards	March 2025  Complete



communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<p>and progress to be reviewed during 2023-2024.</p> <p>Discussions are currently taking place with Audit Wales to support their Planning Service Follow-Up Review. Any recommendations will be responded to.</p>	<p>Standard Operation Principles and values.</p> <p>The Planning Task and Finish Group met on the 7th &amp; 24.6.24, 19.7.24 &amp; 22.1.25. The main focus of discussions has been on recommendations relating to the: Cooling Off Process; Site Inspection Panels; Member referral process; Enforcement; and Planning performance measures. No further action required.</p>	Russell Hughes Pickering	
A1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<p>Delegated decision Decisions Register to be published.</p> <p>Extension of delegated decision register to include the publication of delegated decisions relating to:</p> <ul style="list-style-type: none"> <li>sales/disposals and acquisitions of property (to include transactions with a value threshold of above £25k, and Community Asset Transfers)</li> </ul> <p>TROs-Permanent/Experimental</p>	<p>Delegated decision Contract and Tree preservation Orders Registers are already published.</p> <p>A Delegated decision register relating to sales/disposals and acquisitions of property has been created and published from 1.5.25.</p> <p>A Delegated decision register relating to Traffic Road Orders (permanent/experimental has been created and published from 1.5.25.</p>	Elin Prysor	<p>May 2025</p> <p>Complete</p>

A3.2 Creating the conditions to ensure that the statutory Officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	Ensuring key post holders are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	The Chief Internal Auditor completed the (CIA) Certificate of Internal Audit in November 2023 and achieved the Chartered Internal Auditor Qualification in January 2025.	Elin Pryor / Alex Jenkins	January 2025 Complete
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Review of the Freedom of Information (FOI) Publication Scheme	The review of the FOI Publication Scheme will be undertaken over the next year with support from Corporate Business Support. This support is being given due to the urgent pressures within the team relating to responding to the public.	Alun Williams /Marie-Neige Hadfield	December 2025 Partially Complete
B1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	Integrated Impact Assessments should be made available as hard copies for the Resident Consultation papers if they do not have access to online copies as stated in the Election Act 2022.	When an IIA has been prepared in advance of a consultation, it will be added to the Consultation and Engagement webpage. When members of the public go into the libraries to request hard copies, the IIA will be with the consultation papers for staff to print out.	Alun Williams	March 2025 Complete
B2.1 Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder	Stakeholder Map required	A list of institutional stakeholders is included in the Engagement and Consultation Toolkit. In addition, a stakeholder	Alun Williams	June 2025 Complete

relationship are clear so that outcomes are achieved successfully and sustainably.		mapping tool has been completed.		
B3.2 Ensuring that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement	Revise Social Media Policy (2018).	<p>Following a review, of the Social Media Policy, the policy will be revoked. Instead of a single policy, the expected behaviour standards relating all communication (including via social media) will be incorporated in two policies: Disciplinary Policy &amp; Grievance Policy.</p> <p>A revised Grievance Policy was approved by Cabinet in May 2025.</p> <p>A revised Disciplinary policy will be presented to Scrutiny in 2025.</p> <p>Guidance for staff on use of social media will be included on CeriNet.</p>	Geraint Edwards	September 2025 Partially Complete
C2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental	<p>Training for Members will be given</p> <p>Work to do on IIA and how officers use it, and a better understanding for</p>	Recent IIA training has been provided to Corporate Lead Officers and Corporate Managers. IIA training was	Alun Williams	March 2025 Complete

benefits, through consultation where possible, in order to ensure appropriate trade-offs.	Members was required. DD noted training in progress.	provided for members in October 2023.		
D2.2 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Review requirement for Corporate Communications Strategy	Due to urgent pressures, work will progress on this throughout 2025.	Lowri Edwards	March 2026 In progress
E2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<p>Delegated Decisions Register to be published.</p> <p>Delegated decision register to include the publication of delegated decisions relating to:</p> <ul style="list-style-type: none"> <li>sales/disposals and acquisitions of property (to include transactions with a value threshold of above £25k, and Community Asset Transfers)</li> </ul> <p>TROs-Permanent/Experimental</p>	<p>See A1.4 above.</p> <p>Delegated decision Contract and Tree preservation Orders Registers are already published.</p> <p>A Delegated decision register relating to sales/disposals and acquisitions of property has been created and published from 1.5.25.</p> <p>A Delegated decision register relating to Traffic Road Orders (permanent/experimental has been created and published on 1.5.25.</p>	Elin Prysor	March 2025 Complete
E2.9 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Panel Review scheduled for 2024	Panel review undertaken w/c 30.1.24 and a final report presented to Cabinet 21.1.25. The Council's response and action plan was presented to the Governance and Audit	Alun Williams	May 2025 Complete

		Committee on 26.3.25 and subsequently to Cabinet on 6.5.25.		
G3.4 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement	<ul style="list-style-type: none"> <li>Stakeholder map required</li> <li>Section on risk included in the Annual Governance Statement (see page 14)</li> </ul>	<p>A section on risk is included in the Annual Governance Statement and now includes risks associated with delivering services through third parties.</p> <p>A risk report and risk register is presented at every Governance and Audit Committee.</p> <p>In addition, a stakeholder mapping tool has been completed.</p>	Alun Williams	March 2025 Complete
G3.5 Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> <li>Stakeholder map required</li> </ul>	<p>Each partnership has Terms of Reference which detail membership, decision making and accountability, e.g. the Public Services Board minutes are publicly available, the public can attend the meetings, and the minutes are presented to Scrutiny. In addition, a stakeholder mapping tool has been completed.</p>	Alun Williams	March 2025 Complete