

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 17 July 2023</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Unaudited Statement of Accounts 2022/23
Purpose of Report:	The Statement of Accounts for the Vale of Glamorgan Council 2022/23 are now complete and are brought to the Committee for review following the commencement of the external audit. The Accounts for the Shared Regulatory Service 2022/23 and the Statement of Accounts for the Vale, Valleys and Cardiff Regional Adoption Service for 2022/23 are also brought to the Committee for information
Report Owner:	Report of the Chief Executive
Responsible Officer:	Matt Bowmer Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	None
Policy Framework:	The proposals in this report are in accordance with Policy Framework and Budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Draft 2022/23 Vale of Glamorgan Statement of Accounts is in the process of being completed and will be made available prior to the Governance and Audit Committee meeting.</li> <li>• The Shared Regulatory Services Statement of Accounts and Regional Adoption Service Statement of Accounts are now complete and are attached as appendices to this report.</li> <li>• The audits of the 2022/23 Vale of Glamorgan Council, Shared Regulatory Service and Cardiff, Vale and Valleys Regional Adoption Service Accounts have now commenced.</li> <li>• Due to the impact of the ongoing impact of the Covid 19 Pandemic, resourcing and the Oracle Fusion implementation the Council completed the draft accounts by 30<sup>th</sup> June 2023 rather than the 31<sup>st</sup> May 2023 deadline, and this was advertised on the Council website in accordance with regulations.</li> <li>• The 2022/23 Vale of Glamorgan Statement of Accounts will be subject to external audit and the audited accounts will be presented to Audit Committee once the audit is finalised along with the external auditor's ISA260 report prior to being submitted for approval by Council.</li> </ul>	

- The final audited accounts must be signed by the Auditor General before 30th November 2023.

## **Recommendations**

- 1.** That the unaudited Vale of Glamorgan Council Statement of Accounts for 2022/23 be reviewed and any comments of the Committee be referred to the Head of Finance as Section 151 Officer for subsequent discussion with the Council's external auditors, Audit Wales.
- 2.** That the unaudited Joint Committee Shared Regulatory Services Statement of Accounts for 2022/23 and the Shared Regulatory Services Annual Governance Statement are provided for information and any comments of the Committee be referred to the Head of Finance as Treasurer of the Joint Committee for subsequent discussion with the external auditors, Audit Wales.
- 3.** That the unaudited Vale, Valleys and Cardiff Regional Adoption Service Statement of Accounts for 2022/23 is provided for information and any comments of the Committee be referred to the Head of Finance as Treasurer of the Joint Committee for subsequent discussion with the external auditors, Audit Wales.

## **Reasons for Recommendations**

- 1.** To allow for the initial review of the unaudited Vale of Glamorgan Council Statement of Accounts by those charged with governance.
- 2.** To ensure Governance and Audit Committee are informed of the unaudited 2022/23 Shared Regulatory Services Joint Committee Accounts.
- 3.** To ensure Governance and Audit Committee are informed of the unaudited 2022/23 Valleys, Vale and Cardiff Regional Adoption Service Joint Committee Accounts.

## **1. Background**

- 1.1** The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 1.2** In accordance with these regulations, the unaudited Statement of Accounts for 2022/23 required approval and signature by the responsible finance officer by 31st May 2023, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31st July 2023 by the Governance and Audit Committee in accordance with the Committee's Terms of Reference and also Council. If the accounts are not able to be signed and published by this date, then the Council must publish a Regulation 10 notice setting out the reasons why.
- 1.3** As a result of the Coronavirus pandemic, the Council was unable to meet the 31st May 2023 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this. The unaudited accounts were signed

by the responsible finance officer on 30<sup>th</sup> June 2023 and sent to Audit Wales the same day.

- 1.4** The 2022/23 Vale of Glamorgan Statement of Accounts will be subject to external audit and it is planned that the audited accounts will be presented to Governance and Audit Committee in November 2023 along with the external auditor's ISA260 report prior to being submitted for approval by Council and signed by the Auditor General.
- 1.5** The 2022/23 Shared Regulatory Services Joint Committee Statement of Accounts will also be subject to external audit and the audited accounts will be presented to the Governance and Audit Committee and the Joint Committees in November 2023 along with the external auditor's report for review.
- 1.6** The external audit extends to the Annual Governance Statements for both the Vale of Glamorgan Council the Shared Regulatory Service and the Vale Valleys and Cardiff Regional Adoption Service. The Annual Governance Statement for the Vale of Glamorgan Council is not included in the version to be attached at Appendix A as it is included under a separate item on the Committee agenda. The Annual Governance Statement for the Shared Regulatory Service and Vale Valleys and Cardiff Regional Adoption Service is included in Appendix B and Appendix C respectively.
- 1.7** The Vale, Valleys and Cardiff Regional Adoption Service accounts is now subject to a full external audit by Audit Wales as it has exceeded the threshold and the full Statement of Accounts were completed by 30<sup>th</sup> June 2023 and are attached at Appendix C.

## **2. Key Issues for Consideration**

- 2.1** The 2022/23 Vale of Glamorgan Council Statement of Accounts, to be attached at Appendix A, will be circulated prior to the Governance and Audit Committee meeting and a copy will be made available for public consumption. It will have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS). This is intended to provide for comparable accounts across all accounting boundaries, public and private, national and international.
- 2.2** The Shared Regulatory Service Joint Committee 2022/23 unaudited Statement of Accounts is also attached at Appendix B and the Vale, Valleys and Cardiff Joint Committee Annual Return 2022/23 is attached at Appendix C.
- 2.3** It is proposed that any comments made by the Committee on the Vale of Glamorgan Council 2022/23 unaudited Statement of Accounts, Shared Regulatory Joint Committee Statement of Accounts 2022/23 or the Vale, Valleys and Cardiff Joint Committee Statement of Accounts 2022/23 be referred to the Head of Finance as Section 151 Officer and Treasurer of the Joint Committees respectively for discussion with Council's external auditors, Audit Wales.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan through the 4 well being outcomes.

### **4. Climate Change and Nature Implications**

- 4.1** There are no Climate Change and Nature Implications associated with this report.

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1** The accounts are prepared in accordance with the CIPFA Code of Practice for 2022/23 Accounts. The Usable Reserves have reduced by £15m to £129m from £145m in 2021/22. Of this £987k relates to a reduction in the General Fund, £954k relates to a reduction in the HRA reserves and £15m relates to a reduction in earmarked reserves, there has also been reduction in usable capital receipts of £1.2m and an increase in capital grants unapplied of £2.9m.
- 5.2** The Pension Liability and corresponding Unusable reserve have reduced significantly across the main Vale accounts and the Joint Committee accounts following the triennial valuation. The Council's Pension Liability has reduced from £277m in 2021/22 to £65m in 2022/23.
- 5.3** The value of Property Plant and Equipment has increased to £887m reflecting significant increases in Capital Investment in Schools and Housing stock during the period. Those assets valued on a depreciated replacement cost basis and the Housing Stock have been revalued during the preparation of the 2022/23 accounts.
- 5.4** The 2022/23 Statement of Accounts for the Shared Regulatory Service Joint Committee shows that Usable Reserves have reduced to £786k, a reduction of £316k on 31<sup>st</sup> March 2023. The overspend in 2022/23 relates to authority specific services so will be discussed with the relevant partner authorities and the residual sum will be utilised or retained based on agreement with the partner authorities.
- 5.5** The Vale, Valleys and Cardiff Regional Adoption Service has exceeded the threshold for the Annual Return and therefore full Statement of Accounts have been prepared for 2022/23 with 2021/22 as the comparator shows a carry forward of £143k as at 31<sup>st</sup> March 2023, the partner authorities have been consulted on the use of reserves and they will be retained by the service to cover future commitments.

- 5.6** The 2022/23 Vale of Glamorgan Statement of Accounts, Shared Regulatory Service Statement of Accounts and the Vale, Valleys and Cardiff Regional Adoption Service Annual Return have been prepared within existing staff resources.

**Employment**

- 5.7** None as a direct consequence of this report.

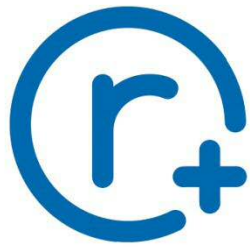
**Legal (Including Equalities)**

- 5.8** The Statement of Accounts is prepared in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended).

**6. Background Papers**

None

Appendix B



Shared  
**Regulatory**  
Services

Gwasanaethau  
**Rheoliadol**  
a Rennir

## Shared Regulatory Service Joint Committee

Unaudited Statement of Accounts 2022/23 Year Ended 31st  
March 2023

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# Shared Regulatory Service Joint Committee

## Statement of Accounts 2022/23 Year Ended 31<sup>st</sup> March 2023

### Narrative Report

#### Introduction

This document presents the Statement of Accounts for the Shared Regulatory Service in respect of financial year 2022/23 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (IFRS), and the Accounts and Audit (Wales) Regulations 2014 (as amended).

The Shared Regulatory Service (SRS) produces its Statement of Accounts to explain the SRS's finances, to give assurance that public money has been properly accounted for, and that the financial standing of the Service is on a secure basis. The Statement of Accounts must provide a "true and fair" of the SRS's financial position as at 31<sup>st</sup> March 2023, and its income and expenditure for the 2022/23 financial year. When preparing these accounts consideration is given to the materiality of information. The 2021/22 materiality level was set at £261k, and it is anticipated that the 2022/23 level will be in a similar value. Any notes to the accounts below this value, which are not statutorily required, and where the SRS believes that they do not aid understanding, have been excluded.

The SRS is a collaborative service formed between Bridgend, Cardiff and the Vale of Glamorgan Councils on the 1<sup>st</sup> May 2015. The Service delivers a fully integrated service under a single management structure for Trading Standards, Environmental Health and Licensing functions with shared governance arrangements ensuring full elected member accountability and scrutiny.

The SRS is managed and administered by the Shared Regulatory Service Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of two elected members from each authority. The Vale of Glamorgan Council became the Host Authority upon formation of the Joint Committee. The Joint Working Agreement and subsequent updates have been signed by the 3 authorities.

The SRS operates under a Joint Working Arrangement (JWA) whereby the Head of the SRS reports on service provision to the Joint Committee. An officer Management Board has been tasked with the oversight of the operation and future development of the service. The detailed delegations of policy and function from partners to the Joint Committee and Head of Service are set out in the Joint Working Agreement, which includes: -

- The functions to be carried out by the joint service.
- The terms of reference and constitution of the Joint Committee, the Management Board etc.
- The terms of joint service such as staffing, services to be provided by the Host and other partners, financing and other functional issues.
- The Financial Operating Model.

## Shared Regulatory Service Joint Committee

Consequently, the SRS works across the 3 Councils, supporting a range of Committees and (where required) the 3 Cabinets, to deliver the Regulatory functions. The workflow involves quarterly meetings with the Management Board followed by meetings of the SRS Joint Committee, details of which are then communicated to all 3 Cabinets. Officers meet members of the Joint Committee on a regular basis to ensure both regional and local issues are considered and managed appropriately.

All of the SRS Joint Committee meeting agendas and minutes since April 2015 are held on the websites of each constituent Council. The reports depict the genesis, development and future direction of the SRS.

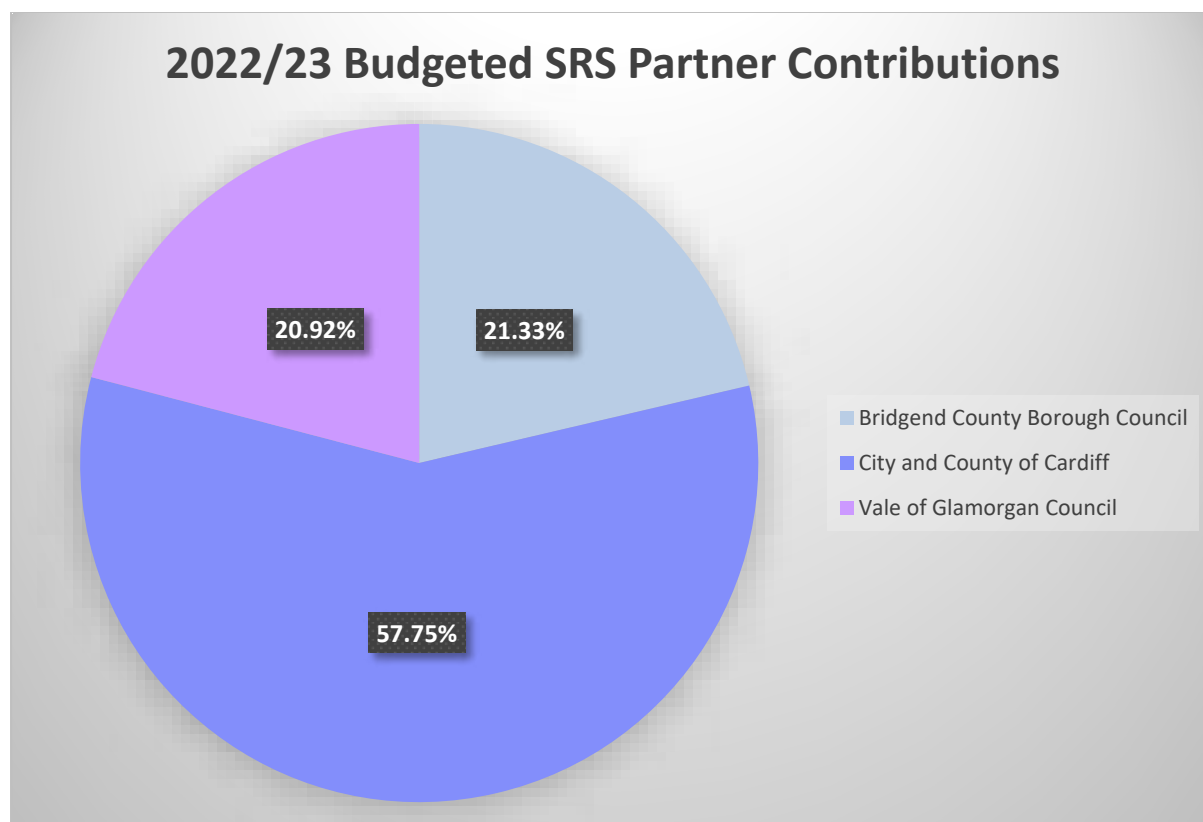
The narrative report provides insight into the funding and expenditure appertaining to the SRS in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31<sup>st</sup> March 2023, and its financial composition as at that date.

These accounts will present:

- The financial statements legally required and their supporting notes; and
- The accounting policies that have been applied when preparing the accounts

The following chart graphically represents the 2022/23 total budgeted contribution made to the SRS by the Partner Authorities, to include both Core and Authority Specific Services.



## Summary of Financial Performance

The financial position of the SRS is regularly reported to the SRS Board and Joint Committee, with the same reports also being forwarded on a timely basis to the nominated senior manager of each Authority during the year.

Expenditure incurred by the SRS is predominantly split into two main elements, Core and Authority Specific Services. Core Services are those functions that are undertaken on behalf of all authorities, with the associated budgets apportioned on an annually updated pre-agreed population basis. Authority Specific Services are unique to each authority. These are Services which are not undertaken across all authorities' areas but occur within one part of the SRS area such as Night-Time Noise Pollution, which is charged directly to the relevant authority. Licensing is the exception to this rule, as it is undertaken at each authority. There is a legal requirement that the Licensing Service remain seated in the legacy authority, with each having their own assigned Licensing Committee within the said legacy authority.

The SRS 2022/23 gross expenditure budgets are shown on the following table.

Authority	Participant Apportionment %	Core Services Budget 2022/23 £'000	Authority Specific Budget 2022/23 £'000	Agreed Budget 2022/23 £'000
Bridgend CBC	22.70%	1,343	434	1,777
City and County of Cardiff	56.49%	3,343	1,468	4,811
Vale of Glamorgan	20.81%	1,231	512	1,743
<b>Total</b>	<b>100.00%</b>	<b>5,917</b>	<b>2,414</b>	<b>8,331</b>

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

Category	Budgeted Expenditure £'000	Actual Expenditure £'000	Variance £'000
Authority Specific	2,414	2,636	(222)
Core Services	5,917	5,758	159
<b>Total</b>	<b>8,331</b>	<b>8,394</b>	<b>(63)</b>

The 2022/23 revenue position of the SRS is summarised as follows;

Service	Agreed Budget £'000	Net Revenue Expenditure Chargeable to General Fund Balances £'000	Variance £'000
AS – Licensing	1,442	1,675	(233)
AS - Other	972	961	11
Animal Services	393	551	(158)
Environmental Services	225	225	0
Food Services	1,499	1,481	18
Health & Safety & Communicable Disease	595	657	(62)
Housing Services	643	634	9
Pollution	882	818	64
Trading Standards	1,680	1,392	288
	<b>8,331</b>	<b>8,394</b>	<b>(63)</b>
Partial Return of the 2021/22 underspend			(193)
Drawdown from Special Reserve			(78)
Transfer to Useable Capital Receipts			16
<b>Movement in General Fund Balance</b>			<b>(318)</b>

No direct savings target was proposed in respect of the 2022/23 SRS Budget. However, guidance offered by the partners was that pay inflation was to be met from existing budgets, with pay inflation assumed to be 2%. The consequence of this guidance was savings of £134k were required to fund the assumed pay inflation. The agreed pay award exceeded the anticipated cost to the service by a further £268k. The 2022/23 SRS Budget of £8.331m was agreed by the SRS Committee on the 14<sup>th</sup> December 2021.

Two ageing vehicles were replaced during 2022/23 at a cost to the Service of £66k. This expenditure has been treated as Capital Expenditure (funded by) Revenue.

## Covid-19

Over the course of 2022/23 the planned work of the Service has continued to be impacted by the coronavirus pandemic, however it should be noted that the 2022/23 support is at a much lower level. The SRS continued to support the Test, Trace and Protect (TTP) Service throughout 2022/23 for the area covered by the Cardiff and Vale Health Board, and for the first quarter only in respect of the area covered by Cwm Taf Morgannwg University Health Board. Staff within the Communicable Disease team continue to support the care homes within the SRS region.

All SRS meetings have continued to be undertaken remotely in the period. The pandemic has also changed the way in which the Service provides services such as arranging for staff to work from home. This has resulted in a significant number of computers being purchased to facilitate a greater uptake in remote working, whilst ensuring that an appropriate level of cover is provided for within the hubs.

## **Impact of the Current Economic Climate**

Over the last year, inflation has risen sharply and continues to remain at a very high level. There are also great pressures on SRS budget in respect of potential 2023/24 wage increase which is yet to be agreed. Approximately 95% of the overall budget relates to staff costs therefore, anything in excess of the budgeted 5% pay award will have a detrimental effect on the 2023/24 budget position. The Bank of England has increased interest rates every month for the last year, which is leaving the overall financial environment feeling uncertain.

Public expectations on the SRS has increased quite significantly with an associated greater demand on service provision being sought than in previous years. The public protection element of the Service has seen a significant uplift in complaints and subsequent investigations into less costly goods being substituted by food businesses in their restaurants, unbranded goods being substituted for branded goods such as alcohol, tobacco and vapes all of which need to be addressed. This has also impacted on the building trade with an increase in the demand for home improvements such as driveways and extensions being progressed by rogue traders using sub-standard materials compounded by a lack of building knowledge and understanding. Additional costs are being incurred by the Service during the associated investigations with legal action being taken where appropriate.

## **Non-Financial Performance**

The Service delivers a range of statutory services through a collaborative model that are critical to maintaining the health, safety and economic welfare of local communities. The operating model delivers an integrated service for the Trading Standards, Environmental Health and Licensing functions, which has three service delivery sectors focusing upon the customer rather than the traditional professional delivery model.

- **Neighbourhood Services** – Activities relating to residential premises or having an impact on the local community
- **Commercial Service** – Activities relating to business premises (generally where national standards apply)
- **Enterprise & Specialist Services** – Specialist areas of work plus income generating services

As a regional organisation, providing regulatory services across the three local authority areas, the Service seeks to ensure that the corporate priorities and stated outcomes of the three Councils are at the heart of its activities. Using them as a focus, the strategic priorities of the Service are;

- Improving Health and Wellbeing
- Safeguarding the Vulnerable
- Protecting the Local Environment
- Supporting the Local Economy
- Maximising the use of the Shared Regulatory Service's Resources

These priorities have provided a robust base for achieving the outcomes identified in previous business plans and the partner Council's corporate aspirations.

## **Improving Health and Wellbeing**

Improving Health and Wellbeing is a key priority for Shared Regulatory Services. Work undertaken by the Service to ensure that food is safe, management of infectious disease outbreaks, noise and air emissions are controlled, that risks in the workplace are managed properly and allows people to live in healthy environments. This is in conjunction with the Service's activities to ensure the quality of private rented property, the promotion of a safe trading environment and the regulation of licensed premises to ensure they operate responsibly. Then it is evident that the work undertaken by the Service is hugely important to the health and wellbeing of the region.

## **Safeguarding the Vulnerable**

The Service contributes towards the safeguarding agendas of the partner authorities by seeking to ensure that children are protected from harmful substances and products, that older and vulnerable people are protected from unscrupulous individuals and traders, that illegal money lending activities across Wales are challenged robustly, and that the public feel safe when using taxis as public transport.

## **Protecting the Environment**

Protecting the environment is a core strategic priority of the SRS. Many of the activities such as water sampling, monitoring air quality, and remediating contaminated land contribute toward promoting a better environment. This in turn means better long-term prospects for the health and wellbeing of our communities. The SRS has a key role to play in ensuring we make best use of existing resources and bringing back redundant/derelict properties into use is an important contributor to both the environment and local community development. The service has a key role to play in the wider climate change and future generations agendas through the enforcement role on energy efficiency controls on properties and products. The impact of these activities is less apparent in the short term for communities but has an important role for future generations. In the more immediate term, the Service ensures communities are protected from nuisance and are safer by investigating noise complaints and managing instances of stray dogs and horses.

## **Supporting the Local Economy**

A strong local economy is a key component in the quality of life experienced by local people. The work of SRS has a significant, but often unseen, impact upon the local economy. The provision of timely advice and guidance on regulation can benefit the economic viability of businesses resulting in improved business practice. Much of the Service's market surveillance activity focuses upon maintaining balance in the "marketplace"; the equitable enforcement of regulations enables businesses to compete on equal terms ensuring a fairer trading environment. The role of the Service as regulator also extends to providing information to support consumers to enable them to become better informed and confident. In an age where people can purchase goods and services without leaving home, the importance of the principle of "caveat emptor" – which is the principle that the buyer is responsible for checking the quality and suitability of goods before a purchase is made, has never been more relevant.

## **Maximising the use of Shared Regulatory Service's Resources**

Maximising the use of resources was the original catalyst for creating SRS, with the work in this area continuing. By reducing “triplication” of effort, introducing better processes, making the systems work without constant intervention, improving access into the Service, the business improves resulting in an increase to customer satisfaction. Income generating activities such as marketing the metrology laboratory, offering paid for advice services, building Primary Authority partnerships and extending the training provision to business are examples of the Service's move to becoming a more “commercial” culture. Crucial to the success of the Service are the people who work within it. Officers are fully engaged in the development of the Service, by fostering an environment where people are encouraged to think, lead and innovate.

The SRS Annual Report 2022/23 details the activities undertaken by the Service in its support of these priorities. During 2022/23, the Service achieved 28 successful prosecutions in its support of these strategic priorities.

## **Looking Forward**

A revenue budget of £8.645m for 2023/24 was approved by the SRS Committee on the 9<sup>th</sup> February 2023.

This report can be accessed on the Vale of Glamorgan Council's website,

[www.valeofglamorgan.gov.uk/en/our\\_council/Council-Structure/minutes,\\_agendas\\_and\\_reports/agendas/Shared-Regulatory-Services-Joint-Committee/2023/23-02-09-Special.aspx](http://www.valeofglamorgan.gov.uk/en/our_council/Council-Structure/minutes,_agendas_and_reports/agendas/Shared-Regulatory-Services-Joint-Committee/2023/23-02-09-Special.aspx)

SRS does not hold a capital budget.

## **Further Information**

Further information regarding the accounts is available from the Section 151 Officer of the Vale of Glamorgan Council who is appointed as Treasurer of the Joint Committee and is located within the Corporate Resources Directorate, Civic Offices, Holton Road, Barry, CF63 4RU.

## **Statement of Responsibilities for the Statement of Accounts for the Shared Regulatory Service**

### **The Vale of Glamorgan Council (as Host) Responsibilities**

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance; and
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the Statement of Accounts.

Signature:



Date: 21st June 2023

Chair of Shared Regulatory Service Joint Committee  
Vale of Glamorgan Council  
Civic Offices  
Holton Road  
Barry  
CF63 4RU



## **Responsibilities of the Head of Finance as Treasurer of the Joint Committee**

The Head of Finance is responsible for the preparation of the 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).

**1. In preparing the Statement of Accounts, the Head of Finance 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.

**2. The Head of Finance has also throughout the financial year:**

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

**3. Certificate of the Head of Finance as Treasurer of the Joint Committee**

I certify the Statement of Accounts give a true and fair view of the financial position of the Joint Committee as at 31<sup>st</sup> March 2023, and its income and expenditure for the period then ended.

**Signature:**



**Date:** 28th June 2023

Matt Bowmer  
Head of Finance/Section 151 Officer  
Vale of Glamorgan Council  
Civic Offices  
Holton Road  
Barry  
CF63 4RU

**Auditor General for Wales' report to the Members of the Shared Regulatory Services**

**The independent auditor's report of the Auditor General for Wales to the members of Shared Regulatory Services Joint Committee.**

## Shared Regulatory Service Expenditure and Funding Analysis 2022/23

The objective of the Expenditure and Funding Analysis is to demonstrate to the Partner how funding available to the SRS in the year and has been used on the provision of services in comparison with those resources consumed or earned by the service in accordance with generally accepted accounting practices. The detailed breakdown of the adjustments between accounting and funding are illustrated for both 2021/22 and 2022/23 in Notes 7. Further information is shown about this note on page 17.

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific - Licensing	1,677	195	1,872
Authority Specific - Other	959	118	1,077
Animal Welfare Services	575	59	634
Environmental Services	263	36	299
Food Services	1,481	180	1,661
Health & Safety and Communicable Disease	848	132	980
Housing Services	1,031	149	1,180
Pollution	825	117	942
Trading Standards	1,543	250	1,793
<b>Net Cost of Services</b>	<b>9,202</b>	<b>1,236</b>	<b>10,438</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contribution from Other Local Authorities	(9,019)	0	(9,019)
Interest Receivable	(43)	0	(43)
(Profit)Loss on Disposal of Asset	0	(11)	(11)
Repayment of Prior Year Underspend	193	0	193
Pensions Interest Payable	0	630	630
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>333</b>	<b>1,855</b>	<b>2,188</b>
Opening General Fund Balance at 31 March 2022	(1,102)		
Plus Surplus on General Fund Balance in Year	333		
<b>Closing General Fund Balance at 31 March 2023</b>	<b>(769)</b>		

## Shared Regulatory Service Expenditure and Funding Analysis 2021/22

Expenditure and Funding Analysis 2021/212	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Authority Specific – Licensing	1,523	255	1,778
Authority Specific - Other	852	165	1,017
Animal Welfare Services	673	106	779
Environmental Services	335	63	398
Food Services	1,108	220	1,328
Health & Safety and Communicable Disease	1,150	158	1,308
Housing Services	812	156	968
Pollution	844	177	1,021
Trading Standards	1,724	370	2,094
<b>Net Cost of Services</b>	<b>9,021</b>	<b>1,670</b>	<b>10,691</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contributions from Local Authorities	(9,532)	0	(9,532)
Interest Receivable	0	0	0
Repayment of Prior Year Underspend	151	0	151
Repayment of Implementation Reserve	46	0	46
Pensions Interest Payable	0	590	590
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(314)</b>	<b>2,260</b>	<b>1,946</b>
Opening General Fund Balance at 31 March 2021	(788)		
Plus Surplus on General Fund Balance in Year	(314)		
<b>Closing General Fund Balance as at 31 March 2022</b>	<b>(1,102)</b>		

## SRS Movement in Reserves Statement 2021/22 and 2022/23

This statement shows the movement in the year on the different reserves held by the SRS, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure) and “Unusable Reserves”. Further information on this statement is shown on page 17.

Movement in Reserves in Reserves	Notes	Shared Regulatory Service							
		SRS Reserves £'000	Usable Capital Receipts £'000	Total Usable Reserves £'000	Accumulated Absence Account £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Shared Regulatory Service</b>									
<b>Balance at 31 March 2021 Carried Forward</b>	<b>18,20</b>	<b>(788)</b>	<b>0</b>	<b>(788)</b>	<b>279</b>	<b>28,810</b>	<b>(161)</b>	<b>28,928</b>	<b>28,140</b>
Movement in Reserves during 2020/21									
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>1,946</b>	<b>0</b>	<b>1,946</b>	<b>0</b>	<b>(6,900)</b>	<b>0</b>	<b>(6,900)</b>	<b>(4,954)</b>
Adjustments between Accounting Basis & Funding Basis	<b>9</b>	<b>(2,260)</b>	<b>0</b>	<b>(2,260)</b>	<b>0</b>	<b>2,190</b>	<b>70</b>	<b>2,260</b>	<b>0</b>
<b>Increase/(Decrease) in Year</b>		<b>(314)</b>	<b>0</b>	<b>(314)</b>	<b>0</b>	<b>(4,710)</b>	<b>70</b>	<b>(4,640)</b>	<b>(4,954)</b>
<b>Balance as at 31<sup>st</sup> March 2022 Carried Forward</b>	<b>18,20</b>	<b>(1,102)</b>	<b>0</b>	<b>(1,102)</b>	<b>279</b>	<b>24,100</b>	<b>(91)</b>	<b>24,288</b>	<b>23,186</b>
Movement in Reserves during 2022/23									
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>2,188</b>	<b>0</b>	<b>2,189</b>	<b>0</b>	<b>(22,700)</b>	<b>0</b>	<b>(22,700)</b>	<b>(20,512)</b>
Adjustments between Accounting Basis & Funding Basis	<b>9</b>	<b>(1,855)</b>	<b>(17)</b>	<b>(1,872)</b>	<b>(166)</b>	<b>2,050</b>	<b>(12)</b>	<b>1,872</b>	<b>0</b>
<b>Increase / (Decrease) in Year</b>		<b>333</b>	<b>(17)</b>	<b>317</b>	<b>(166)</b>	<b>(20,650)</b>	<b>(12)</b>	<b>(20,828)</b>	<b>(20,496)</b>
<b>Balance as at 31<sup>st</sup> March 2023 Carried Forward</b>		<b>(769)</b>	<b>(17)</b>	<b>(785)</b>	<b>113</b>	<b>3,450</b>	<b>(103)</b>	<b>3,460</b>	<b>2,675</b>

## SRS Comprehensive Income and Expenditure Statement 2022/23

This statement records all of the SRS income and expenditure throughout the year, and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The net expenditure is analysed by service group, with the income received from the local authorities shown within the Finance & Investment Income and Expenditure section. The full breakdown of the gross income and expenditure within this statement is illustrated in Notes 8. Further information on this statement is shown on page 17.

Period Ended 31 <sup>st</sup> March 2023				Period Ended 31 <sup>st</sup> March 2022		
Gross Expt. £000's	Gross Income £000's	Net Expt. £000's		Gross Expt. £000's	Gross Income £000's	Net Expt. £000's
1,884	(12)	<b>1,872</b>	Authority Specific – Licensing	1,783	(5)	<b>1,778</b>
1,080	(3)	<b>1,077</b>	Authority Specific – Other	1,020	(3)	<b>1,017</b>
676	(42)	<b>634</b>	Animal Welfare Services	794	(15)	<b>779</b>
321	(22)	<b>299</b>	Environmental Services	411	(13)	<b>398</b>
1,669	(8)	<b>1,661</b>	Food Services	1,335	(7)	<b>1,328</b>
				1,041	(73)	
1,049	(69)	<b>980</b>	Health & Safety and Communicable Disease			<b>968</b>
1,202	(22)	<b>1,180</b>	Housing Services	1,330	(22)	<b>1,308</b>
949	(7)	<b>942</b>	Pollution	1,025	(4)	<b>1,021</b>
2,784	(991)	<b>1,793</b>	Trading Standards	3,504	(1,410)	<b>2,094</b>
<b>11,614</b>	<b>(1,176)</b>	<b>10,438</b>	<b>Net Cost of Services (Note 8)</b>	<b>12,243</b>	<b>(1,552)</b>	<b>10,691</b>
			<b>Finance &amp; Investment Income and Expenditure</b>			
0	(9,019)	<b>(9,019)</b>	Contributions from Local Authorities	0	(9,532)	<b>(9,532)</b>
0	(11)	<b>(11)</b>	Profit/Loss on Disposal of Assets	0	0	<b>0</b>
0	(43)	<b>(43)</b>	Interest Receivable (Note 26)	0	0	<b>0</b>
0	0	<b>0</b>	Recovery of Prior Year Overspend	0	0	<b>0</b>
0	193	<b>193</b>	Repayment of Prior Year Underspend	151	0	<b>151</b>
0	0	<b>0</b>	Repayment of 2015/16 Implementation Fund	46	0	<b>46</b>
0	630	<b>630</b>	Pension Interest Payable (Note 24)	590	0	<b>590</b>
<b>0</b>	<b>(8,250)</b>	<b>(8,250)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>787</b>	<b>(9,532)</b>	<b>(8,745)</b>
<b>11,614</b>	<b>(9,426)</b>	<b>2,188</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>13,030</b>	<b>(11,084)</b>	<b>1,946</b>
			<b>Other Comprehensive Income &amp; Expenditure</b>			
		(22,700)	Re-measurement of Pension Liability (Note 24)			(6,900)
		<b>(22,700)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(6,900)</b>
		<b>(20,512)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(4,954)</b>

The 2022/23 and 2021/22 Contributions from other Local Authorities includes the recovery of costs from Bridgend County Borough Council and the City and County of Cardiff, in the SRS support of the Track, Trace and Protect services undertaken by the SRS during the year. In 2022/23 the costs of additional re-chargeable Housing related project work were recovered from Cardiff.

## SRS Balance Sheet as at 31<sup>st</sup> March 2023

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the SRS (Assets less Liabilities) are matched by the reserves held by the SRS. Reserves are reported in two categories: Usable and Unusable Reserves. Further information on this statement is shown on page 17 of this report.

31 <sup>st</sup> March 2023 £'000	Note	Balance Sheet as at 31 <sup>st</sup> March 2023 Shared Regulatory Service	31 <sup>st</sup> March 2022 £'000
		<b>Long Term Non-Current Assets</b>	
103	10	Property, Plant and Equipment	91
0	11	Intangible Assets	0
0		Long Term Debtors	0
<b>103</b>		<b>Total Non-Current Assets</b>	<b>91</b>
1,676		Short Term Debtors	1,560
0		Short Term Payment in Advance	0
0		Short Term Debtors Cash Owing from Host Authority	413
<b>1,676</b>	16	<b>Current Assets</b>	<b>1,973</b>
(299)		Short Term Creditors	(411)
(113)		Accumulated Absence Provision	(279)
(102)		Short Term Creditors Cash Owing to Host Authority	0
<b>(514)</b>	17	<b>Current Liabilities</b>	<b>(690)</b>
(3,450)	21	Pension Liability	(24,100)
(490)	19	Other Long-Term Liabilities	(460)
<b>(3,940)</b>		<b>Long Term Liabilities</b>	<b>(24,560)</b>
<b>(2,675)</b>		<b>Net Assets</b>	<b>(23,186)</b>
<b>(785)</b>	20	<b>Usable Reserves</b>	<b>(1,102)</b>
113	22	Accumulated Absences	279
(103)	23	Capital Adjustment Account	(91)
3,450	21	Pensions Reserve	24,100
<b>3,460</b>		<b>Unusable Reserves</b>	<b>24,288</b>
<b>2,675</b>		<b>Total Reserves</b>	<b>23,186</b>

**SRS Cash Flow Statement 2022/23 and 2021/22**

The Cash Flow Statement shows the change in cash and cash equivalents of the SRS during the reporting period. The statement shows how the SRS generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. The function of this statement is detailed on page 18 of this report.

<b>31<sup>st</sup> March 2023 £'000</b>		<b>31<sup>st</sup> March 2022 £'000</b>
<b>(2,188)</b>	<b>Net Surplus/(Deficit) on the provision of service</b>	<b>(1,946)</b>
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
49	Depreciation	64
0	Amortisation	6
5	Carrying Value on Asset	0
(248)	Increase/ (Decrease) in Creditors	285
(115)	(Increase)/Decrease in Debtors	(993)
2,050	Movement on Pension Liability	2,190
<b>1,741</b>	<b>Total adjustments to net surplus or deficit on the provision of services for non-cash movements.</b>	<b>1,552</b>
<b>(17)</b>	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>0</b>
<b>(464)</b>	<b>Net Cash-flows from operating activities</b>	<b>(394)</b>
	<b>Investing activities</b>	
(50)	Purchase of property, plant and equipment, investment property and intangible assets	0
0	Other receipts from investing activities	0
<b>(50)</b>	<b>Total Investing Activities</b>	<b>0</b>
<b>0</b>	<b>Financing activities</b>	<b>0</b>
<b>(514)</b>	<b>Net (increase)/decrease in cash and cash Equivalents</b>	<b>(394)</b>
413	Cash and cash equivalents at the beginning of the reporting period	807
<b>(101)</b>	<b>Cash owed To/(From) Host Authority as at 31<sup>st</sup> March</b>	<b>413</b>



## **Introduction to the Financial Statements**

### **Statement of Accounting Policies**

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

### **Statement of Responsibilities for the Statement of Accounts**

This statement sets out the responsibilities of the Council as the administering Authority and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member at the Joint Committee meeting at which the accounts are approved.

### **Expenditure and Funding Analysis**

The objective of the Expenditure and Funding Analysis is to demonstrate to the funding partners (Bridgend County Borough Council, The City of Cardiff Council and the Vale of Glamorgan Council) how the available funding has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the different elements of the SRS structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Joint Committee and analysed into 'Usable Reserves' (i.e. those that the Joint Committee may use to provide services subject to the need to maintain a prudent level of reserves, and the statutory limitations on their use) and 'Unusable Reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's Services, more details of which are shown 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 funded by budgeted contributions. The budgeted funding contributions are shown in both the Expenditure and Funding Analysis and on the Movement in Reserves Statement.

### **Balance Sheet**

The Balance Sheet shows the assets and liabilities recognised by the Joint Committee at the Balance Sheet date. The net assets of the Joint Committee (Assets less Liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves is Usable Reserves i.e. those reserves that the SRS may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use. The second category of reserves is called Unusable

Reserves and cannot be accessed by the SRS to fund the provision of services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

### **Cash Flow Statement**

The Cash Flow Statement shows the change in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising is a key indicator of the extent to which the operations of the Joint Committee are funded by the recipients of the services provided.

### **Annual Governance Statement**

The statement sets out the framework within which the Vale of Glamorgan Council as the administering authority manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

## Notes to the Financial Statements

### 1. Accounting Policies

(a)	<b>Accounting Policies</b>	<p>The SRS is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (Amended), which require them to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS). Following the UK withdrawal from the remit of the EU-endorsed framework, the Code will be based on standards adopted for the UK application under the terms of the International Accounting Standards and European Public Limited Company (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019/685). These accounts have been prepared on a going concern basis. The financial statements are presented in UK/GB pounds.</p>
(b)	<b>Revenue Income and Expenditure</b>	<p>The transactions of the SRS are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:</p> <ul style="list-style-type: none"> <li>• Revenue from the sale of goods is recognised when the SRS transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the SRS;</li> <li>• Revenue from the provision of services is recognised when the SRS 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 SRS;</li> <li>• 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; and</li> <li>• 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 change made to revenue for the income that might be collected.</li> </ul> <p>There are certain exceptions to this principle. The main items are: -</p> <p>(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31<sup>st</sup> March each year. Payments in respect of a full 12 months are included; and</p>

		<p>(b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received.</p> <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b) and the amounts that would be charged if they were accrued to the 31<sup>st</sup> March each year is not significant.</p>
I	<b>Cash and Cash Equivalents</b>	Cash includes any cash in hand, overnight deposits and bank overdrafts. All cash transactions are administered by the Vale of Glamorgan Council as the Shared Regulatory Service does not operate its own Bank Account.
(d)	<b>Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors</b>	<p>A change in the accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.</p> <p>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, or other events and conditions of the SRS's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p>
I	<b>Charges to Revenue for Non-Current Assets</b>	<p>The following amounts are charged to revenue to record the cost of holding assets during the year:</p> <ul style="list-style-type: none"> <li>• Depreciation attributable to the assets used by the relevant service;</li> <li>• Revaluation and impairment losses on assets chargeable to the service; and</li> <li>• Amortisation of intangible non-current assets attributable to the service,</li> </ul> <p>The Budgeted Contributions are not required to fund depreciation, revaluation, impairment losses or amortisations, however, an annual contribution is required from revenue.</p>
(f)	<b>Employee Benefits</b>	<p><b>Benefits Payable during Employment</b></p> <p>Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.</p>

		<p><b>Termination Benefits</b></p> <p>Termination benefits are amounts payable as a result of a decision by the SRS to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to Non-Distributed costs.</p> <p><b>Post-Employment Benefits</b></p> <p>Employees of the Joint Committee are members of the Local Government Pension Scheme, administered by Cardiff County Council Pension Authority. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.</p> <p><b>The Local Government Pension Scheme</b></p> <p><b>The Local Government Scheme is Accounted for as a Defined Benefits Scheme</b></p> <ul style="list-style-type: none"> <li>• The liabilities of the Cardiff and Vale Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., plus projections of projected earnings for current employees.</li> <li>• Liabilities are discounted to their value at current prices, using a discount rate.</li> <li>• The assets of the Cardiff and Vale Pension Fund attributable to the SRS are included in the Balance Sheet at their fair value.</li> <li>• The actuarial valuation carried out at 31<sup>st</sup> March 2019 used the roll-forward method to 31<sup>st</sup> March 2022. The change in the net pension’s liability is analysed into the following components.</li> </ul> <p><b>Service Cost Comprising of</b></p> <ul style="list-style-type: none"> <li>• <b>Current Service Cost</b> – the increase in liabilities as a result of a year of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service(s) to which the employee worked.</li> <li>• <b>Past Service Cost</b> – the increase in liabilities as a result of the scheme amendment of curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs.</li> <li>• <b>Net Interest</b> on the net defined benefit liability (asset), i.e. net increase expense for the SRS – the change</li> </ul>
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		<p>during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.</p> <p><b>Re-measurements Comprising of</b></p> <ul style="list-style-type: none"> <li>• The return on plan assets, excluded in net interest on the net defined liability (asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.</li> <li>• Actuarial gains and losses, changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. Statutory provisions require the Joint Committee Fund balance be charged with the amount payable by the SRS to the pension fund or directly to pensioners in the year in relation to retirement benefits.</li> </ul> <p><b>Discretionary Benefits</b></p> <p>The Shared Service also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.</p>
(g)	<b>Events After the Balance Sheet Date</b>	<p>These are 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. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:</p> <ul style="list-style-type: none"> <li>• Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and</li> <li>• Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is then 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.</li> </ul>
(h)	<b>Government Grants and Contributions</b>	<p>Government Grants, Third Party Contributions and Donations are recognised as due to the SRS when there is reasonable assurance that:</p>

		<ul style="list-style-type: none"> <li>• The SRS will comply with the conditions attached to the payments; and</li> <li>• The grant(s) or contributions will be received.</li> </ul> <p>Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.</p>
(i)	<b>Intangible Assets</b>	<p>Expenditure on non-monetary assets that do not have physical substance but are controlled by the SRS is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the SRS.</p> <p>The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.</p> <p>Assets are maintained in the Balance Sheet at fair value.</p>
(j)	<b>Leases</b>	<p>The Shared Regulatory Service does not have any operating or finance leases in 2022/23.</p>
(k)	<b>Overheads and Support Costs</b>	<p>The cost of SRS Overheads and Support services apportioned out within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.</p>
(i)	<b>Inventories</b>	<p>The Shared Regulatory Service did not hold any inventory as at 31<sup>st</sup> March 2023.</p>
(j)	<b>Property Plant and Equipment</b>	<p>Vehicles, Plant and Equipment are included at cost (less depreciation where required).</p> <p>Expenditure on the acquisition or creation of Property, Plant and Equipment is capitalised on an accrual's basis, provided that the future economic benefits or service potential associated with the item will flow to the SRS and the cost of the item can be measured reliably.</p> <p>A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10,000 is included within the capital spend.</p> <p>Assets are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> <li>• The purchase price;</li> <li>• Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and</li> <li>• The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.</li> </ul>

		<p>When decreases in value for individual assets are identified, they are accounted for either by setting it off against gains for the asset in the Revaluation Reserve, or against the relevant service lines in the Comprehensive Income and Expenditure Statement.</p> <p><b>Impairment</b></p> <p>Assets are assessed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount is estimated and if this is less than the carrying amount, an impairment loss is recognised for the shortfall. This is either set against the balance of the Revaluation Reserve if there have been previous valuation gains for the asset or it is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.</p> <p><b>Depreciation</b></p> <p>Depreciation is provided for on all Plant and Equipment assets over their useful lives which is determined as being five years.</p> <p>Depreciation is calculated on the following basis:</p> <ul style="list-style-type: none"> <li>• Vehicles, plant, furniture and equipment – over the five year life of the asset</li> </ul> <p>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.</p>
(k)	<p><b>Provisions, Contingent Liabilities and Contingent Assets</b></p>	<p><b>Provisions</b></p> <p>Provisions are made when an event has taken place that gives the SRS a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.</p> <p>Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and expenditure Statement in the year that the SRS 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.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet. The Shared Regulatory Service did not hold any provisions as at 31<sup>st</sup> March 2023.</p>



		<p><b>Contingent Liabilities</b></p> <p>A contingent liability arises where an event has taken place that gives the SRS a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly in the control of the SRS. 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.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p> <p><b>Contingent Assets</b></p> <p>A contingent asset arises where an event has taken place that gives the SRS 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 SRS.</p> <p>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.</p>
(l)	<b>Specific Reserves</b>	These reserves represent sums of money that are voluntarily set aside for specific purposes.
(m)	<b>Value Added Tax</b>	Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

## 2. Accounting Standards that have been issued but have yet to be adopted

The closing bulletin included the following information:

73. The standards introduced by the 2021/22 Code and relevant for additional disclosures will be required in the 2020/21 financial statement in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- a. Definition of a Business
- b. Interest Rate Benchmark Reform: Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

As at the balance sheet date, there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have an impact upon these financial statements.

However, the following details regarding IFRS 16 – Leases are provided for information purposes:

This Standard removed the previous lease classifications of operating and finance leases and will require Shared Regulatory Services should it be a lessee to recognise all leases on the balance sheet as right of use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to fund lease payments for the asset. However, it should be noted that CIPFA/LASAAC have again deferred implementation of IFRS 16 for local government to 1<sup>st</sup> April 2022. The expected impact on the balance sheet will be to increase Property, Plant and Equipment (PPE) values, with an opposing entry to increase other Long-Term Liabilities by an equal and opposite entry. In budget terms, the change is expected to be broadly neutral.

As the SRS does not hold any lease arrangements in place, it is not expected that there will be any material impact on the SRS accounts from the implementation of this standard.

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

In applying the accounting policies set out above, the SRS would have made certain judgements about complex transactions or those involving uncertainty about future events. However, there are none known at the date of the report.

There is a high degree of uncertainty about future levels of funding for local government. However, the SRS has determined that this uncertainty is not yet sufficient to provide an indication that the Service may need to reduce levels of service provision.

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

The Unaudited Statement of Accounts was authorised for issue by the Head of Finance (Section 151 Officer) on the 28<sup>th</sup> June 2023.

Events taking place after this date are not reflected in the financial statements or notes. There have been no post balance sheet events prior to this date that have been reflected in the Statement of Accounts. Such events could result in the Statement of Accounts being adjusted. 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 condition 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.

### **5. Prior Period Adjustments**

A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of the transactions, other events and condition of the SRS's financial position or financial performance. When 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 applied.

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

## **6. 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 SRS 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 materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31<sup>st</sup> March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

### **Property Plant and Equipment**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Useful lives will impact on depreciation calculations. For assets such as Vehicles and Equipment (5 years) standard asset lives are used unless evidence is available to the contrary.

The SRS holds no infrastructure assets such as operational buildings which would be directly affected by a change to the real estate market.

### **Debtors**

There are no significant debts held by the Shared Regulatory Service in excess of a year old as at the 31<sup>st</sup> March 2023. However, a provision of £2k in respect of bad and doubtful debts has been included within the 2022/23 Statements, with all other debts considered to be recoverable.

### **Pensions Liability**

Pensions are provided under the Local Government Pension Scheme, with the Shared Regulatory Service being a member of the Cardiff and Vale Pension Fund, administered by Cardiff Council. Employees and employers contribute to the fund, along with investment income and growth generated.

A triennial valuation is carried out on the fund. The value of the pension liability as at the 31<sup>st</sup> March 2023 being £3.45m, which represents a reduction of £20.65m from the previous year as illustrated on the balance sheet.

Estimation of the net liability to pay pensions depends on a number of complex judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about assumptions to be applied. The actuarial report is based on a roll forward of the triennial valuation carried out at 31<sup>st</sup> March 2023.

The actuarial report confirms that they are maintaining a watching brief in relation to Covid-19 developments and the possible impact on defined benefit pension scheme liabilities.

Their proposed mortality assumptions will be updated at 2023/24 year-end to reflect an up-to-date analysis of the Fund's membership data undertaken as part of the 2022 valuation. The 2022 valuation assumption had regard to the view of the actuary on the impact of the Covid-19 pandemic on long-term mortality trends. At that point they will consider if any further adjustment should be made to the mortality assumption for accounting purposes to reflect updated views on the impact of the pandemic on future longevity trends.

The estimated liability resulting from the McCloud/Sargent judgement have been accounted for within the information provided by the actuary

### **Future Period Budget Pressures**

In accordance with the Joint Working Agreement, as signed by all partner authorities on the 1<sup>st</sup> May 2015, the revenue budget must be agreed by the 31<sup>st</sup> December in the year preceding the year to which it relates. All amendments to the revenue budget are progressed in the following financial year.

### **Material Items of Income and Expenditure**

The Shared Regulatory Service does not have any material items of income and expenditure to report that require any further explanation.

## 7. Note to the Expenditure and Funding Analysis

<b>Notes to the Expenditure and Funding Analysis 2022/23</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Pension Interest Adjustment £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustment £'000</b>	<b>Accrued Annual Leave £'000</b>	<b>Total Adjustment £'000</b>
Authority Specific – Licensing	(99)	0	324	(30)	<b>195</b>
Authority Specific – Other	(60)	(1)	196	(17)	<b>118</b>
Animal Welfare Services	(30)	(1)	98	(8)	<b>59</b>
Environmental Services	(18)	2	57	(5)	<b>36</b>
Food Services	(92)	(1)	301	(28)	<b>180</b>
Health & Safety and Communicable Disease	(64)	0	207	(11)	<b>132</b>
Housing Services	(69)	6	224	(12)	<b>149</b>
Pollution	(57)	4	185	(15)	<b>117</b>
Trading Standards	(141)	(27)	458	(40)	<b>250</b>
<b>Net Cost of Services</b>	<b>(630)</b>	<b>(18)</b>	<b>2,050</b>	<b>(166)</b>	<b>1,236</b>
Contributions from Las	0	0	0	0	<b>0</b>
Profit on Disposal of Asset	0	(12)	0	0	<b>(12)</b>
Pensions Interest Payable	630	0	0	0	<b>630</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>(30)</b>	<b>2,050</b>	<b>(166)</b>	<b>1,854</b>
<b>Notes to the Expenditure and Funding Analysis 2021/22</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Pension Interest Adjustment £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustments £,000</b>	<b>Accrued Annual Leave £'000</b>	<b>Total Adjustment £'000</b>
Authority Specific – Licensing	(94)	0	349	0	<b>255</b>
Authority Specific – Other	(61)	0	226	0	<b>165</b>
Animal Welfare Services	(30)	25	111	0	<b>106</b>
Environmental Services	(22)	2	83	0	<b>63</b>
Food Services	(83)	0	303	0	<b>220</b>
Health & Safety and Communicable Disease	(58)	0	216	0	<b>158</b>
Housing Services	(55)	6	205	0	<b>156</b>
Pollution Services	(61)	10	228	0	<b>177</b>
Trading Standards	(126)	27	469	0	<b>370</b>
<b>Net Cost of Services</b>	<b>(590)</b>	<b>70</b>	<b>2,190</b>	<b>0</b>	<b>1,670</b>
Contributions from Las	0	0	0	0	<b>0</b>
Interest Receivable	0	0	0	0	<b>0</b>
Pensions Interest Payable	590	0	0	0	<b>590</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>70</b>	<b>2,190</b>	<b>0</b>	<b>2,260</b>

**Adjustments for Capital Purposes**

- Depreciation/ impairment and revaluation gains and losses are added in.
- Adjustments for disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Net Change for the Pensions Adjustments**

This adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income which means:

- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the Other Income and Expenditure line.

**Accrued Annual Leave**

- Adjustments are made for accrued staff annual leave. The 2022/23 staff appetite for utilising their leave appears to have returned to a pre-covid approach with an average reduced carry forward balance of leave being held by staff at year end.

## 8. Note to the Comprehensive Income and Expenditure Statement

2022/23	Employee Expenses £'000	Other Expenses £'000	Depreciation/ Amortisation £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Authority Specific – Licensing	1,435	449	0	1,884	0	(12)	(12)	1,872
Authority Specific – Other	877	203	0	1,080	0	(3)	(3)	1,077
Animal Welfare Services	436	213	27	676	0	(42)	(42)	634
Environmental Services	238	82	1	321	0	(22)	(22)	299
Food Services	1,345	324	0	1,669	0	(8)	(8)	1,661
Health & Safety and Communicable Disease	914	135	0	1,049	0	(69)	(69)	980
Housing Services	969	227	6	1,202	(7)	(15)	(22)	1,180
Pollution	783	162	4	949	0	(7)	(7)	942
Trading Standards	2,032	741	11	2,784	(728)	(263)	(991)	1,793
<b>Net Cost of Services</b>	<b>9,029</b>	<b>2,536</b>	<b>49</b>	<b>11,614</b>	<b>(735)</b>	<b>(441)</b>	<b>(1,176)</b>	<b>10,438</b>
<b><u>Finance &amp; Investment Income &amp; Expenditure</u></b>								
Contributions from Local Authorities				0			(9,019)	(9,019)
(Profit)/Loss on Disposal of Asset				0			(12)	(12)
Repayment of Prior Year Underspend				193			0	193
Interest Receivable ( <b>Note 26</b> )				0			(43)	(43)
Recovery of Prior Year Overspend				0			0	0
Pension Interest Payable ( <b>Note 24</b> )				630			0	630
<b>Financing &amp; Investment Income &amp; Expenditure</b>				<b>813</b>			<b>(9,074)</b>	<b>(8,251)</b>
<b>(Surplus)/Deficit on Provision of Services</b>				<b>12,437</b>			<b>(10,250)</b>	<b>2,187</b>

Shared Regulatory Service Joint Committee

<b>2021/22</b>	<b>Employee Expenses £'000</b>	<b>Other Expenses £'000</b>	<b>Depreciation/ Amortisation £'000</b>	<b>Gross Expenditure £'000</b>	<b>Grant Income £'000</b>	<b>Fees &amp; Charges £'000</b>	<b>Gross Income £'000</b>	<b>Net Expenditure £'000</b>
Authority Specific – Licensing	1,526	257	0	<b>1,783</b>	0	(5)	<b>(5)</b>	<b>1,778</b>
Authority Specific – Other	948	72	0	<b>1,020</b>	0	(3)	<b>(3)</b>	<b>1,017</b>
Animal Welfare Services	463	306	25	<b>794</b>	(12)	(3)	<b>(15)</b>	<b>779</b>
Environmental Services	345	64	2	<b>411</b>	0	(13)	<b>(13)</b>	<b>398</b>
Food Services	1,252	83	0	<b>1,335</b>	(2)	(5)	<b>(7)</b>	<b>1,328</b>
Health & Safety and Communicable Disease	1,247	77	6	<b>1,330</b>	(10)	(12)	<b>(22)</b>	<b>1,308</b>
Housing Services	1,001	40	0	<b>1,041</b>	(2)	(71)	<b>(73)</b>	<b>968</b>
Pollution	955	60	10	<b>1,025</b>	0	(4)	<b>(4)</b>	<b>1,021</b>
Trading Standards	2,617	860	27	<b>3,504</b>	(1,146)	(264)	<b>(1,410)</b>	<b>2,094</b>
<b>Net Cost of Services</b>	<b>10,354</b>	<b>1,819</b>	<b>70</b>	<b>12,243</b>	<b>(1,172)</b>	<b>(380)</b>	<b>(1,552)</b>	<b>10,691</b>
<b><u>Finance &amp; Investment Income &amp; Expenditure</u></b>								
Contributions from Local Authorities				<b>0</b>			<b>(9,532)</b>	<b>(9,532)</b>
Repayment of Prior Year Underspend				<b>151</b>			<b>0</b>	<b>151</b>
Interest Receivable				<b>0</b>			<b>0</b>	<b>0</b>
Recovery of Prior Year Overspend				<b>46</b>			<b>0</b>	<b>46</b>
Pension Interest Payable (Note 24)				<b>590</b>			<b>0</b>	<b>590</b>
<b>Financing &amp; Investment Income &amp; Expenditure</b>				<b>787</b>			<b>(9,532)</b>	<b>(8,745)</b>
<b>(Surplus)/Deficit on Provision of Services</b>				<b>13,030</b>			<b>(11,084)</b>	<b>1,946</b>



**9. Adjustments between Accounting Basis and Funding Basis Analysis**

<b>2022/23</b>	<b>SRS Reserves £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Total Unusable Reserves £'000</b>
Accrued Staff Annual Leave	(166)	0	(166)	166
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(3,430)	0	(3,430)	3,430
Employers pension contributions and direct payments to pensions payable in year	1,380	0	1,380	(1,380)
Capital Expenditure funded from Revenue Balances	66	0	66	(66)
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	16	16	(16)
Amounts of non-current assets written off on disposal to CIES	(5)	0	(5)	5
Charges for Depreciation/Amortisation of Non-Current Assets	(49)	0	(49)	49
	<b>(2,204)</b>	<b>16</b>	<b>(2,188)</b>	<b>2,188</b>

<b>2021/22</b>	<b>SRS Reserves £'000</b>	<b>Capital Receipts Reserve £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Total Unusable Reserves £'000</b>
Accrued Staff Annual Leave	(0)	0	(0)	0
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(3,480)	0	(3,480)	3,480
Employers pension contributions and direct payments to pensions payable in year	1,290	0	1,290	(1,290)
Capital Expenditure financed from Revenue Balances	0	0	0	0
Charges for Depreciation/Amortisation of Non-Current Assets	(70)	0	(70)	70
	<b>(2,260)</b>	<b>0</b>	<b>(2,260)</b>	<b>2,260</b>

## 10. Property, Plant & Equipment

	2022/23			2021/22		
	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
<b>Cost/Valuation as at 1 April</b>	255	82	<b>337</b>	255	82	<b>337</b>
Additions	66	0	<b>66</b>	0	0	<b>0</b>
Deletions	(18)	0	<b>(18)</b>	0	0	<b>0</b>
<b>Cost/Valuation as at 31 March</b>	<b>303</b>	<b>82</b>	<b>385</b>	<b>255</b>	<b>82</b>	<b>337</b>
<b>Accumulated Depreciation and impairment as at 1 April</b>	(173)	(73)	<b>(246)</b>	(122)	(60)	<b>(182)</b>
Depreciation charge	(45)	(4)	<b>(49)</b>	(51)	(13)	<b>(64)</b>
Write out Disposal Depreciation	13	0	<b>13</b>			
<b>Accumulated Depreciation and Impairment as at 31 March</b>	<b>(205)</b>	<b>(77)</b>	<b>(282)</b>	<b>(173)</b>	<b>(73)</b>	<b>(246)</b>

Net Book Value	Vehicles £'000	Equipment £'000	Total £'000	Vehicles £'000	Equipment £'000	Total £'000
<b>At 31 March 2022</b>				<b>82</b>	<b>9</b>	<b>91</b>
<b>At 31 March 2023</b>	<b>98</b>	<b>5</b>	<b>103</b>			

## 11. Intangible Assets

The SRS accounts for its software as intangible assets. Software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the SRS. The useful lives assigned to the major software suites used by the SRS are 5 years. The carrying amount of intangible assets is amortised on a straight-line basis. There was no Amortisation charged to revenue in 2022/23.

	Purchased Assets 2021/22 £'000	Purchased Assets 2021/222 £'000
<b>Balance at start of year</b>		
Gross carrying amounts	117	117
Accumulated Amortisation	(117)	(111)
<b>Net carrying amount at start of year</b>	<b>0</b>	<b>6</b>
Additions	0	0
Purchases	0	0
Amortisation	0	(6)
Other Disposals	0	0
Amortisation written off on disposal	0	0
<b>Net carrying amount at end of year</b>	<b>0</b>	<b>0</b>
Comprising		
Gross carrying amounts	117	117
Accumulated Amortisation	(117)	(111)
<b>Net carrying amount at end of year</b>	<b>0</b>	<b>6</b>

## 12. Covid-19 Funding

The SRS was not eligible to access any Covid related funding from Welsh Government during 2022/23. The Service continued to Support Bridgend County Borough Council's Track, Trace and Protect (TTP) service until June 2022 only, however the support provided to the City and County of Cardiff Council remained in force throughout 2022/23. The following table clarifies the purpose and value of each stream of the additional funding received in the year which have been consolidated into the Net Cost of Services.

2022/23 £'000	Award Details	2021/22 £'000
0	<b>Welsh Government</b> – Contribution towards costs of an Animal Welfare Legal Case	0
142	<b>Cardiff Council</b> – Provision of Track, Trace and Protect Service within the Cardiff & Vale Health Board area	403
0	<b>Welsh Government</b> – Local Authority Hardship Grant	488
50	<b>Bridgend Council</b> – Provision of Track, Trace and Protect within the Cwm Taf Morgannwg Health Board area	213
0	<b>Welsh Government</b> – Loss of Income Grant	12
<b>192</b>	<b>Total</b>	<b>1,116</b>

2022/23 £'000	Treatment of Covid-19 Income within the Accounts	2021/22 £'000
192	Local Authority Income	616
0	Grants	500
<b>192</b>	<b>Total</b>	<b>1,116</b>

## 13. Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a related party. This is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the Vale of Glamorgan Council (Host Authority) as the Shared Regulatory Service does not operate its own bank account. As at the 31<sup>st</sup> March 2023, the Joint Committee owes £102k to the Council relating to these transactions. During the year, transactions with Related Parties arose and are shown in the following table while debtor and creditor balances at year end are detailed in **Note's 16 and 17**.

2022/23			2021/22	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
131	(1,868)	Bridgend CBC	120	(2,002)
340	(5,278)	The City of Cardiff Council	233	(5,742)
451	(1,814)	Vale of Glamorgan Council	362	(1,749)
<b>922</b>	<b>(8,960)</b>	<b>Total</b>	<b>715</b>	<b>(9,493)</b>

## Shared Regulatory Service Joint Committee

The Shared Regulatory Service also delivers rechargeable services on behalf of other Local Authorities of £48k in 2022/23.

Track, Trace and Protect Income was received from Bridgend and Cardiff during 2022/23 this sum is included in **Note 12**.

Welsh Government effect and influence the SRS via legislation and grant funding. As at 31<sup>st</sup> March 2023 there are no sums in respect of grants outstanding from Welsh Government. There were no Covid-19 related grants paid to the SRS in 2022/23 as detailed in **Note 12**.

Pension contributions are made to Cardiff and the Vale Pension Fund in respect of Joint Committee Employees. Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority.

### 14. Audit Fees

2022/23 £'000		2021/22 £'000
12	Audit Wales Fees	12
<b>12</b>	<b>Total</b>	<b>12</b>

### 15. Leases

There are no long-term agreements as at the Balance Sheet date. The Joint Committee holds no leased assets.

### 16. Debtors

2022/23 £'000		2021/22 £'000
182	Central Government Bodies	85
0	Bridgend County Borough Council	34
1,460	City and County of Cardiff Council	1,371
13	Other Local Authorities	9
0	Vale of Glamorgan Council	413
0	NHS Bodies	0
0	Public Corporations and Trading Accounts	42
23	Other Entities and Individuals (including trade debtors)	20
<b>1,678</b>	<b>Total</b>	<b>1,974</b>
<b>(2)</b>	<b>Provision for Bad and Doubtful Debts</b>	<b>(1)</b>
<b>1,676</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>1,973</b>

There are 10 unpaid debtor balances that are in excess of a year old, therefore, a £2k provision for Bad and Doubtful Debt has been made within the 2022/23 accounts.

**17. Creditors**

2022/23 £'000		2021/22 £'000
(0)	Central Government Bodies	(84)
(5)	Bridgend County Borough Council	(8)
(121)	City And County of Cardiff Council	(83)
(4)	Vale of Glamorgan (Host Authority)	(0)
(0)	NHS Bodies	(1)
(0)	Public Corporations and Trading Funds	(54)
(113)	Accumulated Absences	(279)
(169)	Other Entities and Individuals	(181)
<b>(412)</b>	<b>Balance as at 31st March</b>	<b>(690)</b>

**18. Movement on Usable Reserves**

The General Fund balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Shared Regulatory Services' operations.

	General Reserves £'000	Earmarked Reserves £'000	Total Usable Reserves £'000
<b>Balance as at 1st April 2021</b>	<b>(742)</b>	<b>( 46)</b>	<b>(788)</b>
Other Operating expenditure	0	0	0
Partial Return of 2020/21 Underspend	151	0	151
Return of implementation Fund to Partners	0	46	46
Specific Revenue Reserve	0	(148)	(148)
2021/22 Underspend	(363)	0	(363)
<b>Balance as at 31st March 2022</b>	<b>(954)</b>	<b>(148)</b>	<b>(1,102)</b>
<b>Balance as at 1st April 2021</b>	<b>(954)</b>	<b>(148)</b>	<b>(1,102)</b>
Other Operating Expenditure	0	0	0
Partial Return of 2022/23 Underspend	193	0	193
Capital Receipt	0	(17)	(17)
Specific Revenue Reserve	(148)	78	78
2022/23 Overspend	63	0	63
<b>Balance as at 31st March 2023</b>	<b>(846)</b>	<b>61</b>	<b>(785)</b>

**19. Movement on Other Long-Term Liabilities**

2022/23 £'000	Other Long-Term Liabilities	2021/22 £'000
(460)	<b>Balance as at the 1st April</b>	(215)
13	Drawdown to fund Operating Activities	0
(43)	Increase to funds received in the year	(245)
<b>(490)</b>	<b>Balance as at the 31st March</b>	<b>(460)</b>

These funds are received from the Home Office as part of the Asset Recovery Incentivisation Scheme (ARIS), plus some funds seized as part of ongoing SRS cases that will be held until otherwise instructed by the court. The funds are generated within the Trading Standards discipline.

## 20. Movement on Unusable Reserves

	Re-stated Pension Reserves £'000	Accumulated Absences £'000	Capital Adjustment £'000	Total Unusable Reserves £'000
<b>Balance as at 1st April 2021</b>	<b>28,810</b>	<b>279</b>	<b>(161)</b>	<b>29,928</b>
Increase/(Decrease)	(4,710)	0	70	4,640
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>24,100</b>	<b>279</b>	<b>(91)</b>	<b>24,288</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>24,100</b>	<b>279</b>	<b>(91)</b>	<b>24,288</b>
Increase/(Decrease)	(20,650)	(166)	(12)	20,828
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>3,450</b>	<b>113</b>	<b>(103)</b>	<b>3,460</b>

## 21. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2022/23 £'000	Pensions Reserve	2021/22 £'000
<b>24,100</b>	<b>Balance as at the 1st April</b>	<b>28,810</b>
(22,700)	Re-measurements of net defined liability/(asset)	(6,900)
3,430	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	3,480
(1,380)	Employers pension contribution and direct payments to pensioners payable in the year	(1,290)
<b>3,450</b>	<b>Balance as at the 31<sup>st</sup> March</b>	<b>24,100</b>

## 22. Short Term Accumulated Absence Account

The short term accumulated absence account absorbs the differences that would otherwise arise on SRS reserves from accruing for compensated absences earned but not yet taken in the financial year i.e. annual leave carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the SRS Fund Balance is neutralised by transfers to/from the Account.

Staff attitude to using their annual leave appears to have returned to pre-Covid levels during 2022/23, thus resulting in a subsequent reduction to the Accumulated Absences carrying value in the period.

2022/23 £'000	Accumulated Absences Account	2021/22 £'000
(279)	<b>Balance as at 1st April</b>	(279)
(113)	Amounts accrued at the end of the current year	0
279	Amounts by which officer remuneration charges to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements.	0
(113)	<b>Balance as at 31st March</b>	(279)

### 23. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

2022/23 £'000	Capital Adjustment Account	2021/22 £'000
(91)	<b>Balance as at 1st April</b>	(161)
49	Charges for depreciation of Non-Current Assets	64
0	Amortisation of Intangible Assets	6
5	Write out vehicle net disposal costs	0
(66)	Capital Expenditure charged against the Joint Committee Balance (CERA)	0
(103)	<b>Balance as at 31st March</b>	(91)

### 24. Retirement Benefits Defined Benefit Schemes

#### Local Government Pension Scheme Funded Benefits

The disclosures below relate to the Joint Committee's share of the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31<sup>st</sup> March 2014 linked to the final salary. Benefits earned after 31<sup>st</sup> March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid over the period covered by this disclosure are set out in the 'Local Government Pension Scheme (Transitional Provision, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions is set out in the 'LGPS Regulations 2013' and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31<sup>st</sup> March 2022.

The Fund Administering Authority, City and County of Cardiff is responsible for the governance of the Fund. Additional contributions may also become due in respect of

any employer discretions to enhance members' benefits in the fund over the next accounting period.

Liabilities have been estimated by an independent qualified actuary on an actuarial basis using the projected unit credit method.

### **Roll Forward Approach**

The Actuarial report has been calculated using the Roll Forward approach. The roll forward approach is a method of approximately calculating pension scheme assets and liabilities by adjusting the results of the last full actuarial valuation exercise.

### **2022 Actuarial Valuation**

These results allow for the 2022 Actuarial Valuation of the Fund. The effect of allowing for this is shown in the "Actuarial (gains)/losses due to the liability experience" and the "Return on plan assets (in excess of) below that recognised in the net interest" and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those used for the 2022 Actuarial Valuation. These changes have had a positive or negative effect on the balance sheet position. The Current Service Cost has also been updated to reflect the employer's membership data as at the 2022 valuation.

### **Assets Returns**

Asset Returns over the accounting period have been lower than expected. This had led to a loss on assets over the accounting period and a worsening in the balance sheet position before allowance for the 2022 valuation.

### **Financial Assumptions**

There has been a change to the financial assumptions over the period. The discount rate has increased by 1.90%, the CPI inflation assumption has reduced by 0.30%, and the salary increase assumption has reduced by 0.30%. This has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in Other Comprehensive Income.

### **Demographic Assumptions**

The actuarial report acknowledges that there has been a change to the demographic assumptions, including the assumption for post-retirement mortality, at this accounting date to align them to the assumptions used in the 2022 actuarial valuation for the Fund. These are best estimate assumptions based on the latest analysis of the Fund's membership.



## Key Assumptions

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	31st March 2023 % per annum	31st March 2022 % per annum
Discount Rate	4.60%	2.70%
CPI Inflation	2.60%	2.90%
Rate of Increase to Pensions in Payment	2.60%	2.90%
Pension Accounts Revaluations Rate	2.60%	2.90%
Rate of Increase in Salaries	3.60%	3.90%

- The duration of the liabilities is the average period between the calculation date and the date at which benefit payments fall due. Durations will be calculated based on the output of the most recent valuation exercise of the Employer's funded liabilities.
- Employers may also prepare a separate disclosure note for their unfunded benefit schemes' which pay pensions awarded at retirement on a discretionary basis. The duration of the unfunded liabilities will usually be shorter than the duration of the LGPS benefits. In the interest of pragmatism and practicality it is recommended that the financial assumptions used to report the unfunded scheme liabilities are the same as those used for valuing funded benefits.
- Pension increases on pension in excess of the Guaranteed Minimum Pension in payment where appropriate.
- It is recommended that the assumption for the re-valuation rate of pension accounts is set equal to the assumption for pension increases.
- The defined benefit obligation has been adjusted to allow for salary increases of 7% pa in line with the average settlement for 2022 under National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.
- The mortality tables shown apply to normal health retirements. Different rates may apply to retirements in ill health.

## Post Retirement Mortality (Retirement in Normal Health)

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectations at age 65 in normal health resulting from these mortality assumptions are shown below.

<b>Post Retirement Mortality</b>	<b>31st March 2023</b>	<b>31st March 2022</b>
<b>Males</b>		
Member Aged 65 at Accounting Date	22.6	22.1
Member Aged 45 at Accounting Date	23.2	23.2
<b>Females</b>		
Member Aged 65 at Accounting Date	47.7	24.6
Member Aged 45 at Accounting Date	25.8	26.0

The majority of the Fund's obligations are to provide benefits for the life of a member following retirement, so increases in life expectancy will result in an increase in liabilities.

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to these notional assets. The Fund is sizeable and largely liquid, and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

### Asset Allocation

	<b>Asset Split as at 31st March 2023</b>	<b>Asset Split as at 31st March 2022</b>
Quoted Equities	67.9%	67.50%
Property	7.2%	6.90%
Government Bonds	8.8%	9.20%
Corporate Bonds	7.6%	8.40%
Multi Asset Credit	5.3%	5.70%
Cash	3.2%	2.30%
Other	0.0%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2023 £M	Value at 31st March 2022 £M
Fair Value of Assets	35.990	33.910
Present Value of Funded Defined Benefit Obligation	(39.440)	(58.010)
<b>Funded Status</b>	<b>(3.450)</b>	<b>(24.100)</b>
Unrecognised Asset	0.000	0.000
<b>(Liability) Recognised on the Balance Sheet</b>	<b>(3.450)</b>	<b>(24.100)</b>

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	73%
Deferred Pensioners	11%
Pensioners	16%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Furthermore, the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. The risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

## Maturity Profile of the Defined Benefit Obligation

The Employer's regular contribution to the Fund for accounting period ended 31<sup>st</sup> March 2023 are estimated to be £1.30m, with the duration of liabilities being 22.3 years.

### Breakdown of Amounts Recognised in Surplus/Deficit on the Provision of Services and Other Comprehensive Income

	Period Ended 31st March 2022	Period Ended 31st March 2021
<b>Operating Cost</b>	<b>£M</b>	<b>£M</b>
Current Service Cost	2.80	2.89
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
<b>Financing Cost</b>		
Interest on Net Defined Benefit Liability/(Asset)	0.63	0.59
<b>Pension Expense Recognised in Surplus or Deficit</b>	<b>3.43</b>	<b>3.48</b>
<b>Re-measurements in Other Comprehensive Income</b>		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	0.41	(1.46)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(25.69)	(4.99)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.22)	(0.59)
Actuarial (Gains)/Losses due to Liability Experience	2.80	0.14
<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>(22.70)</b>	<b>(6.90)</b>
<b>Total Amount Recognised in Comprehensive Income &amp; Expenditure</b>	<b>(19.27)</b>	<b>(3.42)</b>

The current service costs included an allowance for the administration expenses of £0.04M at 31<sup>st</sup> March 2023.

### Changes to the Present Value of the Defined Obligation During the Period

	Period Ended 31st March 2023	Period Ended 31st March 2022
	<b>£M</b>	<b>£M</b>
<b>Opening Defined Benefit Obligation</b>	<b>58.01</b>	<b>59.15</b>
Current Service Cost	2.80	2.89
Interest Expense on Defined Benefit Obligation	1.57	1.24
Contribution by Participants	0.43	0.40
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(25.69)	(4.99)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.22)	(0.59)
Actuarial (Gains)/Losses due to Liability Experience	2.80	0.14
Net Benefits Paid Out	(0.26)	(0.23)
Past Service Cost Including Curtailments	0.00	0.00
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing Defined Benefit Obligation</b>	<b>39.44</b>	<b>58.01</b>

## Changes to the Fair Value of Assets during the Accounting Period

	Period Ended 31st March 2023 £M	Period Ended 31st March 2022 £M
<b>Opening Fair Value of Assets</b>	<b>33.91</b>	<b>30.34</b>
Interest Income on Assets	0.94	0.65
Re-measurements Gains/(Losses) on Assets	(0.41)	1.46
Contributions by the Employer	1.38	1.29
Contribution by the Participant	0.43	0.40
Net Benefits Paid out	(0.26)	(0.23)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing Fair Value of Assets</b>	<b>35.99</b>	<b>33.91</b>

## Actual Return on Assets

	Period Ended 31st March 2023 £M	Period Ended 31st March 2022 £M
Interest Income on Assets	0.94	0.65
Re-measurements Gains/(Losses) on Assets	(0.41)	1.46
<b>Actual Return on Assets</b>	<b>0.53</b>	<b>2.11</b>

## Sensitivity Analysis of Projected Service Costs 2022/23

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. The sensitivity analysis 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 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 inter-related. 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 in the previous period. Projected service cost in the sensitivity analysis below is the projected service cost for the period ending 31<sup>st</sup> March 2023.

### Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Obligation (£M)	38.57	39.44	40.35
% Change in Present Value of Total Obligation	(2.2%)		2.3%
Projected Service Cost (£M)	1.27	1.32	1.37
Approximate % Change in Projected Service Cost	(4.0%)		4.1%

### Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	36.9	39.44	39.28
% Change in Present Value of Total Obligation	0.4%		(0.4%)
Projected Service Cost (£M)	1.32	1.32	1.32
Approximate % Change in Projected Service Cost	0.0%		00%

### Rate of Increase to Pensions and Rate of Revaluation of Pension Accounts

Adjustment to Pension Increase Rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present Value of Total Obligation (£M)	40.15	39.44	38.73
% Change in Present Value of Total Obligation	1.8%		(1.8%)
Projected Service Cost (£M)	1.37	1.32	1.27
Approximate % Change in Projected Service Cost	4.1%		(4.0%)

### Post Retirement Mortality Assumption

Adjustment to Mortality Age Rating Assumption	- 1 year	Base Figure	+ 1 year
Present Value of Total Obligation (£M)	40.50	39.44	38.38
% Change in Present Value of Total Obligation	2.7%		(2.7%)
Projected Service Cost (£M)	1.37	1.32	1.27
Approximate % Change in Projected Service Cost	3.6%		(3.6%)

- A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

## 25. Employee Emoluments

### Officers Remunerated in Excess of £60,000

The number of employees whose remuneration, excluding employer's pension contributions but including redundancy costs, were over £60,000 or more in bands of £5,000 are shown below.

Remuneration Band	2022/23 No of Employees	2021/22 No of Employees
£60,000 - £74,999	3	2
£75,000 - £79,999	0	0
£80,000 - £129,999	1	1

## Senior Management

Four senior officers within Shared Regulatory Services breached the £60,000 salary threshold in 2022/23, with three members of staff being in receipt of a salary in excess of £60,000 in 2021/22.

<b>Senior Officer Emoluments 2022/23</b>	<b>Salary £</b>	<b>Expense Allowance £</b>	<b>Pension Contribution £</b>	<b>Total Remuneration £</b>
SRS Head of Service	92,288	0	18,554	<b>110,842</b>
Neighbourhood Services OM	61,275	0	12,990	<b>74,265</b>
Enterprise & Specialist Services	61,275	0	12,990	<b>74,265</b>
HSCD Team Leader	66,119	0	12,947	<b>79,066</b>
<b>Total</b>	<b>280,956</b>	<b>0</b>	<b>57,481</b>	<b>338,438</b>

The 2021/22 new SRS HoS was previously employed as the Enterprise and Specialist Services (ESS) Operational Manager within SRS prior to the December 2021 appointment to SRS HoS. There was a short handover period with both the incoming and outgoing HoS in the final quarter of 2021/22.

<b>Senior Officer Emoluments 2021/22</b>	<b>Salary £</b>	<b>Expense Allowance £</b>	<b>Pension Contribution £</b>	<b>Total Remuneration £</b>
(Retiring) SRS Head of Service	97,633	0	19,508	<b>117,141</b>
Commercial Services OM	60,958	0	12,748	<b>73,706</b>
<b>Total</b>	<b>223,943</b>	<b>65</b>	<b>46,111</b>	<b>270,119</b>

<b>Senior Officer Emoluments 2021/22</b>	<b>Salary £</b>	<b>Expense Allowance £</b>	<b>Pension Contribution £</b>	<b>Total Remuneration £</b>
New SRS Head of Service (wef Jan 2022)	73,192	0	15,517	<b>88,709</b>
<b>Total</b>	<b>73,192</b>	<b>0</b>	<b>15,517</b>	<b>88,709</b>

The Management Committee members of the Shared Regulatory Services Joint Committee are employed directly by the partner authorities and their remuneration is not reflected in the accounts or the remuneration disclosures.

The designated Section 151 Officer for the Joint Committee is the Section 151 Officer for the Vale of Glamorgan Council as host authority. No remuneration for this post has been charged to the accounts or is included in the disclosure notes.

## Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below. There were no exit packages paid in either 2022/23 or 2021/22.

<b>Exit Packages 2022/23</b>			
<b>Exit Package Cost Band (Including Special Payments)</b>	<b>No of Other Departure Agreed</b>	<b>Total No of Exit Packages by Cost Band</b>	<b>Total Cost of Exit Packages in Each Band (£)</b>
£0 - £20,000	0	0	0
£20,001 - £40,000	0	0	0
£40,001 - £140,000	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Exit Packages 2021/22</b>			
<b>Exit Package Cost Band (Including Special Payments)</b>	<b>No of Other Departure Agreed</b>	<b>Total No of Exit Packages by Cost Band</b>	<b>Total Cost of Exit Packages in Each Band (£)</b>
£0 - £20,000	0	0	0
£20,001 - £40,000	0	0	0
£40,001 - £140,000	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 26. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council. The increase in the 2022/23 average interest earned is the result of more favourable interest rates paid on assets balances held by the SRS.

	<b>2022/23</b>		<b>2021/22</b>	
	<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Interest (Charged)/Received on the SRS Account Balances	£43,020.94	2.3%	£48.25	0.1%



## **Comprehensive Glossary**

### **Accounting Period**

The period of time covered by the accounts, typically a period of 12 months commencing on 1<sup>st</sup> April. The end of the accounting period is the balance sheet date.

### **Accounting Policies**

The specific principles, bases, conventions, rules and practices applied by the Council on behalf on the Joint Committee in preparing and presenting its financial statements.

### **Accruals**

Amounts included in the final accounts to recognise revenue and capital income and expenditures earned or incurred in the financial year, but for which actual payment had not been received or made as at 31<sup>st</sup> March.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because of events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or the actuarial assumptions have varied.

### **Amortisation**

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

### **Asset**

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

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

### **Balance Sheet**

A statement in the recorded assets, liabilities and reserves at the end of the accounting period.

### **Capital Financing**

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### **Cash Equivalents**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **Comprehensive Income and Expenditure Account**

The revenue account of the Shared Regulatory Service (SRS) that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from budgeted contributions, grants and other income.

### **Creditor**

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

### **Current Service Cost (Pensions)**

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

### **Debtor**

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

### **Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### **Depreciation**

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

### **Discretionary Benefits (Pensions)**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's (Vale of Glamorgan Council as Host) discretionary powers such as the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

### **Effective Interest Rate**

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

### **Employee Benefits**

All forms of consideration given by the SRS in exchange for services rendered by its employees.

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

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet and the date when the Statement of Accounts is authorised for issue.

### **Exceptional Items**

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

### **Expected Return on Pension Assets**

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

### **Extraordinary Items**

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

### **Fair Value**

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

### **Financial Instruments**

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

### **Going Concern**

The concept that the Statement of Accounts are prepared on the assumption that the SRS will continue in operational existence for the foreseeable future.

### **Impairment**

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

### **Intangible Assets**

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

### **Liability**

A liability is where the SRS owes payment to an individual or another organisation.

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

### **Materiality**

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

### **Net Book Value**

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

### **Past Service Cost (Pensions)**

For a defined pension scheme, the increase in the present value of the scheme's liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

### **Pension Scheme Liabilities**

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

### **Prior Year Adjustment**

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

### **Provision**

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

### **Related Parties**

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

**Re-measurement of Pension Liability**

Changes to the pension liability made to reflect the return on plan assets and because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

**Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available can be spent or earmarked at the discretion of the SRS.

**Residual Value**

The net realisable value of an asset at the end of its useful life.

**Useful Economic Life (UEL)**

The period over which the SRS will derive benefits from the use of a non-current asset.

## **VALE OF GLAMORGAN COUNCIL JOINT SHARED REGULATORY SERVICE**

### **Annual Governance Statement 2022/23**

#### **About Shared Regulatory Services**

Shared Regulatory Services (SRS) came into being on 1st May 2015, having been commissioned by the three Local Authorities of: -

- The City of Cardiff County Council
- Bridgend County Borough Council, and
- The Vale of Glamorgan Council.

SRS provides the Environmental Health, Trading Standards and Licensing functions across the three-Council region and in so doing serves just over a fifth of the population of Wales. Within this wide remit, many of the services delivered are statutory while others are non-statutory.

Over the course of 2022/23, Shared Regulatory Services has continued to recover its core inspection programs that were impacted over the course of the coronavirus pandemic. For the purposes of the Food Hygiene and Food Standards inspection programmes, the Service followed the Food Standards Agency Local Authority Recovery Plan until it was discontinued at the end of March 2023.

The Service has played a key role during 2022/23 in supporting other pressing agendas on behalf of the three partner Councils, for example its work to ensure suitable accommodation under the *Homes for Ukraine* scheme and of course in supporting residents and businesses in the context of the cost of living crisis.

#### **Scope of Responsibility**

Shared Regulatory Services is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that financial contributions allocated by the partner Authorities are safeguarded, properly accounted for and used economically, efficiently and effectively. The SRS sees Corporate Governance as doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Strong transparent and responsive governance enables the SRS to put the residents of the SRS region first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain residents' confidence these mechanisms must be sound and seen to be sound.

The scope of the Service is captured in the Joint Working Agreement (JWA). Some of the functions provided are legally mandated, statutory requirements, including the role of the Weights and Measures authority, the duties under the Health and Safety at Work Act etc. Others are non-statutory but have been adopted to support the core Regulatory function and to support the corporate objectives of each partner Council. Examples include consumer advice and accreditation of landlords.

All of the Regulatory functions provided are underpinned by the following principles:

## Shared Regulatory Service Joint Committee

- This is a strategically led service with a clear focus upon the relevant corporate priorities of the partner Authorities, i.e. safeguarding the vulnerable and promoting economic development.
- A clear focus upon the National Enforcement priorities for regulatory services.
- The use of a risk- based approach to all activities.
- The service meets standards set out in the Regulators Compliance Code; and above all. The maximisation of resources through income generation and partnership working to promote public health and wellbeing.

The Shared Regulatory Service is *not* responsible for:

- Determination of licensing applications in relation to the Licensing Act 2003, the Gambling Act 2005, the Local Government Act 1976, the Town and Police Clauses Act 1847 or any licensing legislation where objections have been raised and an elected member decision is required.
- The decision to declare an air Quality Management area.
- Instituting legal proceedings in respect of prosecution, forfeiture or other Court process.
- House to Homes funding; or
- Anything that requires a council decision, e.g. Declaration of Additional Licensing area.

The participants have agreed and have formed a Joint Committee to provide the Shared Regulatory Service and have delegated to the Joint Committee the Regulatory Services Functions as set in in Schedule 1 Part 1 of the JWA.

### **The purpose of the governance framework**

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of aims and objectives. It also evaluates the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically. The following paragraphs summarise the overall governance framework and the system of internal control, which has been in place for the Shared Regulatory Services for the period covering 1st April 2022 to 31st March 2023.

### **The Governance Framework**

The CIPFA/Solace governance framework “Delivering Good Governance in Local Government 2016” sets out the seven core fundamental principles of good governance as follows:

## Shared Regulatory Service Joint Committee

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This Governance Statement has used these principles to demonstrate how the overall governance arrangements for the Shared Regulatory Service for the period covering 1st April 2022 to 31st March 2023 are deemed to be satisfactory. The Governance Statement does not document policies, procedures and working practices under each of these principles, but instead provides an overview of the governance and internal control processes and systems.

### **Joint Work Agreement (Legal Agreement)**

On 10th April 2015, all parties formally signed the Joint Working Agreement with an agreed commencement date of 1st May 2015. The Joint Working Agreement provides the governance framework within which the Service operates and allocates responsibility and accountability, as follows:

- The Host Authority
- The Joint Committee
- Management Board
- Head of Regulatory Services; and
- Financial Management.

The Joint Working Agreement is a detailed document which sets out the criteria and expectations for matters which include, but are not limited to:

- The role of the Joint Committee and Management Board including Terms of Reference
- The role of the Head of Regulatory Services
- Financial matters and Lead Finance Officer role
- Levels of service to be provided
- Employees
- Records and access to information including Data Protection and information governance
- Termination and rights to withdraw, and
- Governing law and jurisdiction.

The Joint Working Agreement is kept under review and was last updated in 2017 to take account of data governance considerations. This revision was agreed by the three partner Councils and formally reported to them.



## **The Host Authority**

The Joint Working Agreement formally assigns the Vale of Glamorgan Council as the Host Authority for the Shared Regulatory Service. The Vale of Glamorgan Council provides all support services for all those services within scope (save for the day to day administration undertaken by staff in accordance with their duties), required, including but not limited to:

- Financial (Section 151 Officer as defined by section 151 of the Local Government Act 1972, Accounts, Payroll, Creditors etc.)
- Human Resources
- Health & Safety
- Legal and
- Internal Audit

## **The Management Board**

Sitting beneath the Joint Committee on the governance structure is an officer Management Board (MB). The composition, operation and Terms of Reference of the MB are set out in the Joint Working Agreement at Schedule 3. The MB is described as a high-level project/sounding board which operates from a strategic and operational level. The MB comprises of “one officer representative from and nominated by each of the Participants and the Head of Regulatory Services”. Therefore, the membership of the MB is as follows:

- Chief Officer Legal, HR and Regulatory Services (BCBC)
- Corporate Director of Economic Development (CCC)
- Director of Environment and Housing (VoGC)
- Head of Shared Regulatory Services (VoGC)

## **Financial Management**

Section 11 of the Joint Working Agreement provides the framework within which the finances of the Shared Regulatory Services operate. The Joint Committee has adopted the Financial Regulations and Standing Orders for Contracts (however expressed) of the Host Authority from time to time in force. In accordance with the requirements of the Joint Working Agreement, the Joint Committee received and agreed the draft annual budget for 2022/23 prior to the deadline of the 31st December.

## **Service Structure**

At the commencement of the Shared Regulatory Service on 1st May 2015, some 170 “in-scope” employees had successfully transferred from BCBC and CC to the host employer (VoGC). The new structure for the Shared Regulatory Service was fully completed by 1st December 2015. The Service has approximately 180 Full Time Equivalent (FTE) employees in total and is currently accessed and delivered through delivery hubs across the Bridgend, Cardiff and Vale boundaries.

## **Review of Effectiveness**

Detailed within Schedule 5, of the JWA it states that the Host’s external auditor (Auditor General for Wales) will be the external auditor of the Shared Regulatory Service. It also states that, following each year-end, the Host is required to prepare the annual accounts for the Joint

## Shared Regulatory Service Joint Committee

Committee and Management Board and ensure that all relevant information is available for external inspection.

The Shared Regulatory Service also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed, in part, by the work of Internal Audit but also by the work undertaken by the overall Shared Regulatory Service's Structure of which there are nine tiers; these being:

- Joint Committee
- Management Board
- Head of Shared Regulatory Services
- Operational Managers
- Team Managers
- Professional
- Senior Technical
- Technical and
- Support

During 2022/23 the Joint Committee received regular reports as set out in their "Dates and Deadlines" timetable which shows the meetings scheduled quarterly for a period up to twelve months. In addition, the Joint Committee's Terms of Reference are clearly set out in the JWA.

### **Continued impact of the Covid-19 pandemic**

As highlighted above, during 2022/23, the Service has continued to recover' lost ground on its inspection programmes, particularly in respect of food hygiene and food standards. Unfortunately, the change in the normal frequency of inspection caused by the pandemic has left a legacy of problems being found at food businesses. These include poor hygiene practices and the presence of pests, and result in Officers having to pause routine inspections to deal with the issues found. Often, a detailed investigation is required with a view to formal action being taken, including prosecution of food business operators.

The ability of the Service to generate income or at least cover costs, was severely hampered during the course of the pandemic. Over the course of 2022/23, income generation has recovered somewhat, not least through the return of classroom learning arrangements for the delivery of training to business.

The hybrid working model has continued to function well during 2022/23, and provides a good balance between productivity of staff, limited office space, and the need to ensure staff wellbeing, particularly mental wellbeing.

### **Service challenges**

2022/23 has been a transitional year which has seen recovery of 'business as usual' for the Service. The focus for 2023/24 turns to the other challenges facing the Service which include for example

- Recruitment and retention
- The cost of living crisis
- Climate change agenda and related enforcement
- The enactment of new areas of public protection law and government expectations around their enforcement

## Shared Regulatory Service Joint Committee

- Delivering the Service within a reduced budget

### **Internal Audit**

During 2022/23, internal audit undertook a review of the Shared Regulatory Services governance framework. The objective of the audit was to provide the necessary assurance to the Shared Regulatory Services Joint Committee at the June 2023 AGM that financial controls of the service are operating effectively and in compliance with the Council's Financial Procedure Rules.

The objectives of the review were to ascertain the extent to which the assessed risks have been identified and managed and to evaluate whether effective controls which mitigate the risks have been established within the systems and processes and that these have operated effectively throughout the period under review.

Through testing, the auditor was able to determine that the control environment in relation to the governance arrangements over financial and other related controls including budget monitoring/reporting and procurement processes across the Shared Regulatory Services were deemed to have "Reasonable Assurance".

Internal Audit have taken an audit of SRS governance and financial controls. Just one issue was identified which needs to be addressed, that of resolving the current recruitment difficulties experienced by SRS. This was reflected in the Management Action Plan with the recommendation that 'The recruitment strategy is reviewed and updated to find solutions for recruitment and selection in the current market.' This review resulted in an audit outcome of 'reasonable assurance' being awarded, meaning that there is a generally sound system of governance, risk management and control in place.

Internal Audit also undertook a second audit that of the Wales Illegal Money Lending (IML) grant. No key issues were identified in this audit and the report concludes that a sound system of governance, risk management and control exists, with 'internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited'.

The 2022/23 Statement of Accounts will be audited by the Vale of Glamorgan's External Auditors – Auditor General for Wales and reported to the Joint Committee in accordance with the Joint Working Agreement.

The Joint Working Agreement (signed and sealed by all the relevant participants) together with the participant Councils' Constitutions clearly demonstrate that officers are delegated to execute the Joint Working Agreement. The Joint Working Agreement has been reviewed to ensure it remains effective.

The Management Board has been set up in accordance with the Joint Working Agreement and a schedule of meeting dates has been set for the year in accordance with the requirements of the Joint Committee. The Management Board continues to operate effectively and in accordance with its terms of reference.

In accordance with clause 5.1 of the Joint Working Agreement, the Head of Shared Regulatory Services and the Section 151 Officer are to prepare the Annual Report for the period 2022/23, which is to be presented to the Joint Committee in June 2023. Following the completion of the audit, the final Statement of Accounts will be presented to Committee to be approved and signed by the Committee Chair.

## Significant Governance Issues

There were no significant governance issues to raise during 2022/23.

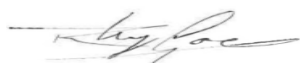
### Definitions

**Definition of Governance:** *A series of policies, roles, responsibilities and processes that set the way an organisation is directed, administrated and controlled.*

**Definition of a Significant Governance Issue:** *A specific area of the Organisation's work that requires Senior Management attention to ensure that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner, to support improved outcomes for local people.*

## Certification of Annual Governance Statement

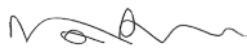
We can confirm, to the best of our knowledge and belief, this statement provides an accurate and fair view of the overall governance arrangements for the Shared Regulatory Services.



Signed:

Chair of the Shared Regulatory Services Joint Committee

Signed:



Matt Bowmer – Section 151 Officer

Signed:



Miles Punter – Shared Regulatory Services Management Board

Signed:



Helen Picton – Head of the Shared Regulatory Services



# Vale Valleys and Cardiff Adoption Collaborative

Unaudited Statement of Accounts 2022/23 Year Ended 31st  
March 2023

Published Subject to Audit

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# Vale, Valleys and Cardiff Adoption Collaborative

## Statement of Accounts 2022/23 Year Ended 31<sup>st</sup> March 2023

### Narrative Report

#### Introduction

This document presents the Statement of Accounts for Vale, Valleys & Cardiff Adoption Collaborative (VVC) in respect of financial year 2022/23 and is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

VVC is a collaborative service formed between Cardiff Council, Merthyr Tydfil County Borough Council, Rhondda Cynon Taff County Borough Council, and the Vale of Glamorgan Council on 1 June 2015. The Collaborative provides an adoption service on behalf of these partners and is one of five regional services which form part of the National Adoption Service in Wales (NAS).

The statutory basis and legal footprint for the Collaborative is set out in in the Adoption & Children Act 2002 (Joint Adoption Arrangements) (Wales) Directions 2015.

The overall governance of the Collaborative is by way of a Joint Committee which is comprised of one elected member from each of the partners. The Vale of Glamorgan Council became the Host Authority for the Collaborative upon the formation of the service. The Collaborative Agreement which was put in place in 2015 and executed by all partners outlines the arrangements for how the service is to be delivered.

The Collaborative Agreement sets out the range of delegated functions which the service provides and those which remain the responsibility of the partner agencies. The Agreement also sets out the terms of reference and membership of the other tiers of governance within the service i.e., the Management Board and the Operational Group. The Collaborative Agreement outlines the overall framework in which the service is to be delivered detailing the expectations and responsibilities of all partners in respect of the following aspects:

- The legislative basis.
- The services provided.
- The membership and function of the Joint Committee, Management Board and Operational Group.
- The role and responsibilities of the Regional Adoption Manager.
- Financial arrangements.
- Premises.
- Staffing.
- Reporting requirements.
- Records and access to information including Data Protection and Information governance.
- Health & safety.
- Audit requirements.
- Termination of agreement.

The Joint Committee meets twice a year in May & December to approve the end of year accounts and budget for the forthcoming year. Meetings of the Management Board and Operational Group are held on a quarterly basis.

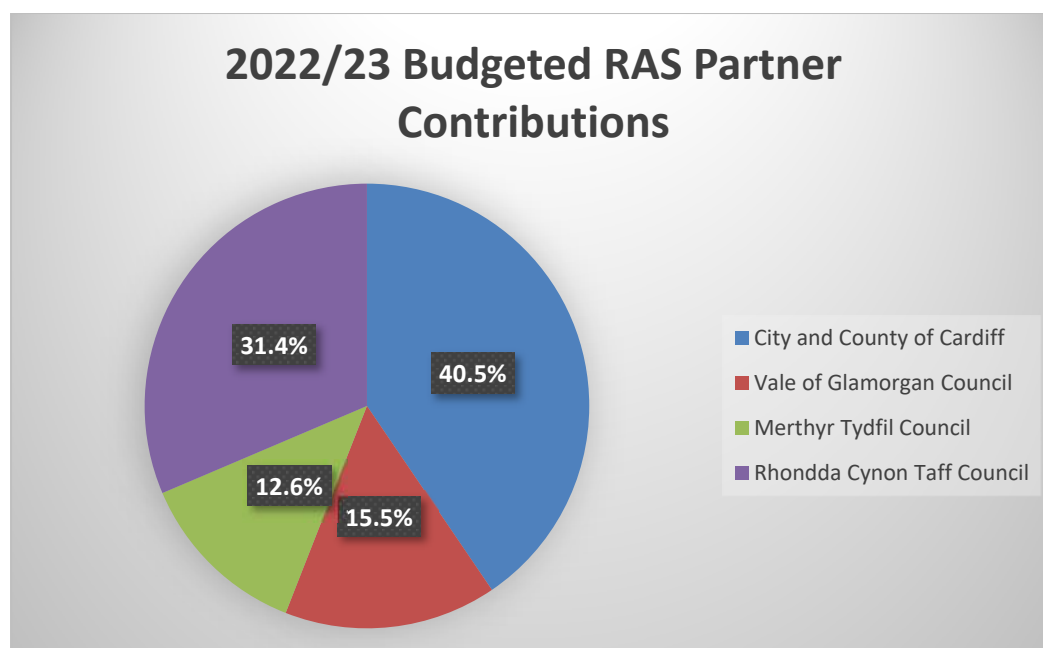
The narrative report provides insight into the funding and expenditure appertaining to VVC in the year, the key financial issues and pressures and a look to future years.

Information contained within these accounts provides the user with clarity on the nature of transactions in respect of the financial year ended 31<sup>st</sup> March 2023, and its financial composition as at that date.

These accounts will present:

- The financial statements legally required and their supporting notes; and
- The accounting policies that have been applied when preparing the accounts

The following chart graphically represents the 2022/23 total budgeted contribution made to VVC by the Partner Authorities.



## Summary of Financial Performance

The financial position of VVC is regularly reported to VVC Management Board and Joint Committee, with the same reports also being forwarded on a timely basis to the nominated senior manager of each Authority during the year.

Expenditure incurred by VVC is predominantly split into three main elements, the Core budget, the Regional Adoption Grant and the utilisation of any agreed underspend from previous years.

VVC's 2022/23 gross expenditure core budget is shown in the following table.



## VVC Regional Adoption Collaborative

<b>Authority</b>	<b>Participant Apportionment %</b>	<b>Agreed Core Budget 2022/23 £'000</b>
City and County of Cardiff	40.5%	778
Vale of Glamorgan	15.5%	297
Merthyr Tydfil CBC	12.6%	243
Rhondda Cynon Taff CBC	31.4%	603
<b>Total</b>	<b>100.00%</b>	<b>1,921</b>

The agreed use of reserves budget of £149k is in addition to the above and is funded from previous years underspends that have been transferred into a reserve.

The service has been awarded an Adoption Services grant from Welsh Government of £537k. The grant is to be claimed by the VVC from National Adoption Service (NAS). The allocation is to be distributed to partners as shown in the table below.

<b>Grant Recipient</b>	<b>Allocation £000</b>
City and County of Cardiff	131
Vale of Glamorgan	49
Merthyr Tydfil CBC	33
Rhondda Cynon Taff CBC	131
Vale, Valleys and Cardiff Adoption Service	193
<b>Total</b>	<b>537</b>

The table below illustrates the budgeted expenditure against the actual expenditure incurred for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

<b>Category</b>	<b>Actual Expenditure £'000</b>	<b>Actual Income £'000</b>	<b>Contribution to/(from) Reserves £'000</b>
Core Budget	1,959	(2,024)	64
Utilisation of Previous Years Underspend	103	(18)	-85
Adoption Service Grant	537	(537)	0
<b>Total</b>	<b>2,599</b>	<b>(2,579)</b>	<b>-21</b>

### Core Budget

In relation to the Core budget the outturn position as at 31st March 2023 is an underspend of £64k. The main reasons for this are outlined below:-

Employees – Underspent at year end by £39k. When the budget was set for 2022/23 a 2% uplift for the pay award was assumed however the pay award offer of a flat £1,925 per employee is equivalent to circa 6%. Due to a delay in establishing and recruiting the new Social Care Officer roles, and other staff vacancies alongside some staff member not yet reaching the top of scale, the service was able to absorb the pay award uplift for 2022/23 in year within the existing budget and this has also contributed to the staffing underspend in year. The Business Support restructure has not yet been fully implemented which again has contributed to the staffing underspend. In the latter part of the year a hold was placed on filling vacant posts to help mitigate the pressure of realising the savings that need to be found during 2023/24.

Travel – Underspent at year end by £16k. This has occurred as a result of a reduction in staff travel due to hybrid working.

Supplies and Services – Overall this budget was underspent at year end by £3k. The main variances are printer costs (£9k underspend) as there is a move to online working, adopter training budget (£4k underspend) as training has continued to be delivered virtually, software licence fees (£20k overspend) mainly due to an increase in cost in relation to the Microsoft Licences, postage (£4k underspend) due to the fact that less postage is now required due to the increased use of emails, software maintenance (£7k underspend), subscriptions (£11k overspend) as costs have increased, translation costs (£2k overspend) and adoption expenses (£12k underspend) due to varying accommodation rates and need.

Other Income - Underspent at year end by £7k in relation to the DWP Kickstart scheme grant payments, this offsets costs within the staffing budget for a Kickstart worker.

The Regional Adoption Service does not have any capital expenditure.

### **Utilisation of Previous Years Underspend**

The draft outturn position as at 31st March 2023 is an underspend of £63k.

The Independent Assessments budget was underspent by £30k, this was partly due to the fact that the staff time extensions that were required to assist with the independent assessments have been coded to the Social Worker detail code, resulting in that budget line being shown as £5k overspent. The Independent Assessments did not cost as much as first anticipated and spend was put on hold towards the end of the year to help mitigate the pressure of realising the savings that need to be found during 2023/24.

Some equipment that was required was purchased within the core budget resulting in a £3k underspend. Subscriptions underspent by £6k as the cost of the subscription to Connected has been absorbed within the Core budget. Adoption Support underspent by £11k as this was put on hold towards the end of the year to help mitigate the pressure of realising the savings that need to be found during 2023/24. The service was awarded grant funding in March of £18k from Welsh Government, via NAS, to assist with adoption support. This has offset some of the staff costs against the Social Worker budget.

### **Adoption Services Grant**

The draft outturn position as at 31st March 2023 is a breakeven position.

### **Impact of the Current Economic Climate**

Over the last year, inflation has risen sharply and continues to remain at a very high level. There are also great pressures on VVC budget in respect of potential 2023/24 wage increase which is yet to be agreed. The majority of the overall budget relates to staff costs therefore, anything in excess of the budgeted 5% pay award will have a detrimental effect on the 2023/24

budget position. The Bank of England has increased interest rates every month for the last year, which is leaving the overall financial environment feeling uncertain. The Service will continue to monitor and manage risks as the impact of these issues becomes clearer during the year.

### **Pension Liability**

Pensions are provided under the Local Government Pension Scheme and the VVC is a member of the Cardiff & Vale Pension Fund, which is administered by Cardiff County Council. Employees and Employers contribute into the fund, along with investment income and growth generated. A triennial valuation is carried out on the Fund. The value of the pension liability as at the 31st March 2023 being £520k.

### **Service Provision**

The range of delegated functions provided by VVC are outlined in the Collaborative Agreement and are delivered by way of three functional teams:

1. Recruitment & Assessment Team responsible for the recruitment, training and assessment of prospective adopters and non-agency adopters.
2. Family Finding Team responsible for the placement finding and matching of children requiring an adoptive placement.
3. Adoption Support Team responsible for the support of adoptive families post adoption, facilitating indirect and direct post adoption contact and supporting adopted adults seeking their adoption records .

A dedicated Business Support Team supports the business functions underpinning these services.

Staff within the service are aligned to a particular service area and specialism.

### **Performance Reporting**

Under a nationally agreed Performance Management Framework the service is required to report against a range of performance measures to the National Adoption Service on a quarterly basis. The service is also required by regulation to provide a six monthly report of the quality of care. In addition, the Collaborative Agreement requires the service to prepare an annual report which is provided to the Management Board, Joint Committee and Scrutiny Committees in each of the partner authorities.

The Performance Framework contains over seventy performance measures. In view of the number of measures VVC Management Board agreed the key measures they wish to consider on a quarterly basis in respect of the performance of the region.

VVC is also required to report to the National Adoption Service on the performance of the grant funded posts within the region on a six monthly basis.

### **Summary of Performance**

The key performance measures agreed by VVC Management Board relate to:

1. Number of referrals of children for adoption, the number of children placed and those waiting for placement.

2. Provision of life journey work provided for children with a plan for adoption.
3. Number of adopter enquiries received, and the number approved.
4. Number of referrals for post adoption support services

The end of year position for 2022/23 in respect of these measures was as follows:

1. 162 children were referred for adoption during the year but over 50% of these referrals were withdrawn due to alternative care plans being put in place. VVC has seen a decrease in referrals in line with other regions but successfully placed 65 children during the year. Over 70% of the children were placed within the region which has reduced reliance upon the need to secure external placements. The reduction in referrals and placement activity has resulted in a reduction in the number of children waiting for placement at year end.
2. A significant proportion of the regional grant has been dedicated to employ workers within the partner agencies to support the provision of life journey work. A significant improvement in the provision of this work has been seen as a result of this investment with one of the performance measures resulting in 100% compliance.
3. 210 adopter enquiries were received during the period which is a 40% reduction compared to the previous two years. This is in line with the national trend but has resulted in a reduction in the number of adopters being approved. 47 adopters were approved during the year.
4. 70 referrals for post adoption support services were received during the period which is a similar level to the previous year. 49 referrals were received for access to birth records and intermediary support which represents a significant increase on the previous year.

Six monthly reports have been provided to NAS in respect of the performance of the grant funded posts to ensure that funding is maintained.

## **Looking Forward**

A revenue budget of £1.974m for 2023/24 was approved by the VVC Joint Committee on the 23rd January 2023.

The VVC Regional Adoption Service does not hold a capital budget.

## **Further Information**

Further information regarding the accounts is available from the Section 151 Officer of the Vale of Glamorgan Council who is appointed as Treasurer of the Joint Committee and is located within the Corporate Resources Directorate, Civic Offices, Holton Road, Barry, CF63 4RU.

## **Statement of Responsibilities for the Statement of Accounts for VVC Adoption Collaborative**

### **The Vale of Glamorgan Council (as Host) Responsibilities**

The Council is required:

- To make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance; and
- To manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets.

The Joint Committee's Responsibilities

- To approve the Statement of Accounts.

Signature:

A handwritten signature in black ink, appearing to read 'J. Williams', is written over a faint horizontal line.

Date: 30<sup>th</sup> June 2023

Chair of VVC Joint Committee  
Vale of Glamorgan Council  
Civic Offices  
Holton Road  
Barry  
CF63 4RU

## **Responsibilities of the Head of Finance as Treasurer of the Joint Committee**

The Head of Finance is responsible for the preparation of the 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).

**1. In preparing the Statement of Accounts, the Head of Finance 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.

**2. The Head of Finance has also throughout the financial year:**

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

**3. Certificate of the Head of Finance as Treasurer of the Joint Committee**

I certify the Statement of Accounts give a true and fair view of the financial position of the Joint Committee as at 31<sup>st</sup> March 2023, and its income and expenditure for the period then ended.

**Signature:**



**Date:** 30<sup>th</sup> June 2023

Matt Bowmer  
Head of Finance/Section 151 Officer  
Vale of Glamorgan Council  
Civic Offices  
Holton Road  
Barry  
CF63 4RU

**Auditor General for Wales' report to the Members of VVC Adoption Collaborative**

**The independent auditor's report of the Auditor General for Wales to the members of Regional Adoption Services Joint Committee.**

## VVC Adoption Collaborative Expenditure and Funding Analysis 2022/23

The objective of the Expenditure and Funding Analysis is to demonstrate to the Partners how funding available to VVC in the year has been used in providing services in comparison with those resources consumed or earned by the service in accordance with generally accepted accounting practices. The detailed breakdown of the adjustments between accounting and funding are illustrated for both 2021/22 and 2022/23 in Notes 7. Further information is shown about this note on page 16.

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Core Budget	1,857	302	2,159
Regional Adoption Service Grant	0	0	0
Utilisation of Previous Years Underspend	85	0	85
<b>Net Cost of Services</b>	<b>1,942</b>	<b>302</b>	<b>2,244</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contribution from Other Local Authorities	(1,921)	0	(1,921)
Interest Receivable	0	0	0
Repayment of Prior Year Underspend	0	0	0
Pensions Interest Payable	0	90	90
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>21</b>	<b>392</b>	<b>413</b>
Opening General Fund Balance at 31 March 2022	163		
Less Deficit on General Fund Balance in Year	(21)		
<b>Closing General Fund Balance at 31 March 2023</b>	<b>142</b>		



## VVC Adoption Collaborative Expenditure and Funding Analysis 2021/22

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between Accounting and Funding Basis £'000	Comprehensive Income and Expenditure £'000
Core Budget	1,615	347	1,962
Regional Adoption Service Grant	0	0	0
Utilisation of Previous Years Underspend	37	0	37
<b>Net Cost of Services</b>	<b>1,652</b>	<b>347</b>	<b>1,999</b>
<b><u>Financing and Investment Income and Expenditure</u></b>			
Contribution from Other Local Authorities	(1,738)	0	(1,738)
Interest Receivable	0	0	0
Repayment of Prior Year Underspend	0	0	0
Pensions Interest Payable	0	90	90
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(86)</b>	<b>437</b>	<b>351</b>
Opening General Fund Balance at 31 March 2022	77		
Plus Surplus on General Fund Balance in Year	86		
<b>Closing General Fund Balance at 31 March 2023</b>	<b>163</b>		

## VVC Adoption Collaborative Movement in Reserves Statement 2021/22 and 2022/23

This statement shows the movement in the year on the different reserves held by VVC, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure) and “Unusable Reserves”. Further information on this statement is shown on page 16.

<b>Movement in Reserves Statement</b>	<b>Notes</b>	<b>Usable Reserves</b>	<b>Accumulated Absence Account</b>	<b>Pensions Reserve</b>	<b>Total Unusable Reserves</b>	<b>Total Reserves</b>
<b>Regional Adoption Service</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2021 Carried Forward</b>	<b>16,17</b>	<b>-77</b>	<b>42</b>	<b>4,040</b>	<b>4,082</b>	<b>4,005</b>
Movement in Reserves during 2021/22						
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>351</b>	<b>0</b>	<b>-1,020</b>	<b>-1,020</b>	<b>-669</b>
Adjustments between Accounting Basis & Funding Basis	<b>9</b>	-437	-23	460	437	0
<b>Increase / (Decrease) in Year</b>		<b>-86</b>	<b>-23</b>	<b>-560</b>	<b>-583</b>	<b>-669</b>
<b>Balance as at 31st March 2022 Carried Forward</b>	<b>16,17</b>	<b>-163</b>	<b>19</b>	<b>3,480</b>	<b>3,499</b>	<b>3,336</b>
Movement in Reserves during 2022/23						
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>413</b>	<b>0</b>	<b>-3,350</b>	<b>-3,350</b>	<b>-2,937</b>
Adjustments between Accounting Basis & Funding Basis	<b>9</b>	-392	2	390	392	0
<b>Increase / (Decrease) in Year</b>		<b>21</b>	<b>2</b>	<b>-2,960</b>	<b>-2,958</b>	<b>-2,937</b>
<b>Balance as at 31st March 2023 Carried Forward</b>		<b>-142</b>	<b>21</b>	<b>520</b>	<b>541</b>	<b>399</b>

## VVC Adoption Collaborative Comprehensive Income and Expenditure Statement 2022/23

This statement records all of VVC income and expenditure throughout the year, and consequently shows the accounting cost of providing services during the year in line with generally accepted accounting practices. The net expenditure is analysed by cost centre, with the income received from the local authorities shown within the Finance & Investment Income and Expenditure section. The full breakdown of the gross income and expenditure within this statement is illustrated in Notes 8. Further information on this statement is shown on page 16.

Period Ended 31st March 2023				Period Ended 31st March 2022		
Gross Expt. £000's	Gross Income £000's	Net Expt. £000's		Gross Expt. £000's	Gross Income £000's	Net Expt. £000's
2,261	(102)	<b>2,159</b>	Core Budget	2,091	(129)	<b>1,962</b>
537	(537)	<b>0</b>	Regional Adoption Service Grant	541	(541)	<b>0</b>
103	(18)	<b>85</b>	Utilisation of Previous Years Underspend	37	(0)	<b>37</b>
<b>2,901</b>	<b>(657)</b>	<b>2,244</b>	<b>Net Cost of Services (Note 8)</b>	<b>2,669</b>	<b>(670)</b>	<b>1,999</b>
			<b><u>Finance &amp; Investment Income and Expenditure</u></b>			
0	(1,921)	<b>(1,921)</b>	Contributions from Local Authorities	0	(1,738)	<b>(1,738)</b>
90	0	<b>90</b>	Pension Interest Payable (Note 17)	90	0	<b>90</b>
<b>90</b>	<b>(1,921)</b>	<b>(1,831)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>	<b>90</b>	<b>(1,738)</b>	<b>(1,648)</b>
2,991	(2,578)	<b>413</b>	<b>(Surplus) / Deficit on Provision of Services</b>	2,759	<b>(2,408)</b>	<b>351</b>
			<b><u>Other Comprehensive Income &amp; Expenditure</u></b>			
		(3,350)	Re-measurement of Pension Liability (Note 17)			<b>(1,020)</b>
		<b>(3,350)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(1,020)</b>
		<b>(2,937)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(669)</b>

## VVC Adoption Collaborative Balance Sheet as at 31<sup>st</sup> March 2023

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of VVC (Assets less Liabilities) are matched by the reserves held by VVC. Reserves are reported in two categories: Usable and Unusable Reserves. Further information on this statement is shown on page 16 of this report.

31st March 2023 £'000	Note	Balance Sheet as at 31st March 2023 Regional Adoption Service	31st March 2022 £'000
		<b>Long Term Non-Current Assets</b>	
0		Property, Plant and Equipment	0
0		Intangible Assets	0
0		Long Term Debtors	0
<b>0</b>		<b>Total Non-Current Assets</b>	<b>0</b>
807		Short Term Debtors	791
0		Short Term Payment in Advance	0
0		Short Term Debtors Cash Owing from Host Authority	0
<b>807</b>		<b>Current Assets</b>	<b>791</b>
(399)		Short Term Creditors	(364)
(21)		Accumulated Absence Provision	(19)
(266)		Short Term Cash	(264)
<b>(686)</b>		<b>Current Liabilities</b>	<b>(647)</b>
(520)	17	Pensions Liability	(3,480)
0		Other Long Term Liabilities	0
<b>(520)</b>		<b>Long Term Liabilities</b>	<b>(3,480)</b>
<b>(399)</b>		<b>Net Assets</b>	<b>(3,336)</b>
<b>(142)</b>	15	<b>Usable Reserves</b>	<b>(163)</b>
21	18	Accumulated Absences	19
520	17	Pensions Reserve	3,480
<b>541</b>		<b>Unusable Reserves</b>	<b>3,499</b>
<b>399</b>		<b>Total Reserves</b>	<b>3,336</b>

## VVC Adoption Collaborative Cash Flow Statement 2022/23 and 2021/22

The Cash Flow Statement shows the change in cash and cash equivalents of VVC during the reporting period. The statement shows how VVC generates and uses cash and cash equivalents by classifying cash flows into operating and investing and financing activities. The function of this statement is detailed on page 17 of this report.

<b>31<sup>st</sup> March 2023 £'000</b>		<b>31<sup>st</sup> March 2022 £'000</b>
<b>(413)</b>	<b>Net Surplus/(Deficit) on the provision of service</b>	<b>(351)</b>
	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
37	Increase/ (Decrease) in Creditors	339
(17)	(Increase)/Decrease in Debtors	(378)
390	Movement on Pension Liability	460
<b>410</b>	<b>Total adjustments to net surplus or deficit on the provision of services for non-cash movements.</b>	<b>421</b>
<b>0</b>	<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>0</b>
<b>(3)</b>	<b>Net Cash-flows from operating activities</b>	<b>70</b>
	<b>Investing activities</b>	
0	Purchase of property, plant and equipment, investment property and intangible assets	0
0	Other receipts from investing activities	0
<b>0</b>	<b>Total Investing Activities</b>	<b>0</b>
<b>0</b>	<b>Financing activities</b>	<b>0</b>
<b>(3)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>70</b>
(264)	Cash and cash equivalents at the beginning of the reporting period	(334)
<b>(267)</b>	<b>Cash owed To/(From) Host Authority as at 31st March</b>	<b>(264)</b>

## **Introduction to the Financial Statements**

### **Statement of Accounting Policies**

The purpose of this statement is to explain the basis of the figures in the accounts. It outlines the accounting policies adopted.

### **Statement of Responsibilities for the Statement of Accounts**

This statement sets out the responsibilities of the Council as the administering Authority and the Head of Finance (Section 151 Officer) for the preparation of the Statement of Accounts. The Statement has to be signed and dated by the presiding member of the Joint Committee.

### **Expenditure and Funding Analysis**

The objective of the Expenditure and Funding Analysis is to demonstrate to the funding partners (Merthyr Tydfil County Borough Council, The City of Cardiff Council, the Vale of Glamorgan Council and Rhondda Cynon Taff County Borough Council) how the available funding has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the different elements of VVC structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Collaborative and analysed into 'Usable Reserves' (i.e. those that the Collaborative may use to provide services subject to the need to maintain a prudent level of reserves, and the statutory limitations on their use) and 'Unusable Reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Collaborative's Services, more details of which are shown 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 funded by budgeted contributions. The budgeted funding contributions are shown in both the Expenditure and Funding Analysis and on the Movement in Reserves Statement.

### **Balance Sheet**

The Balance Sheet shows the assets and liabilities recognised by the Collaborative at the Balance Sheet date. The net assets of the Collaborative (Assets less Liabilities) are matched by the reserves held by the Collaborative. Reserves are reported in two categories. The first category of reserves are Usable Reserves i.e., those reserves that VVC may use to provide services, subject to the need to maintain a prudent level of reserve and any statutory limitations on their use. The second category of reserves are called Unusable Reserves and cannot be accessed by VVC to fund the provision of services. This category of reserves

includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis and regulations”.

### **Cash Flow Statement**

The Cash Flow Statement shows the change in cash and cash equivalents of the Collaborative during the reporting period. The statement shows how the Collaborative generates and uses cash and cash equivalents by classifying cash flows into operating and investing activities. The amount of net cash flows arising is a key indicator of the extent to which the operations of the Collaborative are funded by the recipients of the services provided.

### **Annual Governance Statement**

The statement sets out the framework within which the Vale of Glamorgan Council as the administering authority manages and reviews internal control. It outlines the components of the framework, including the arrangements for Internal Audit and how the consortium has complied with the various elements of the framework.

## Notes to the Financial Statements

### 1. Accounting Policies

(a)	<b>Accounting Policies</b>	VVC is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (Amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and the Service Reporting Code of Practice for Local Authorities 2022/23 (SeRCOP) and supported by International Financial Reporting Standards (IFRS) and statutory guidance. The accounts are prepared on a going concern basis.
(b)	<b>Revenue Income and Expenditure</b>	<p>The transactions of VVC are accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:</p> <ul style="list-style-type: none"> <li>• Revenue from the sale of goods is recognised when VVC transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to VVC;</li> <li>• Revenue from the provision of services is recognised when VVC 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 VVC;</li> <li>• 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; and</li> <li>• 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 be collected.</li> </ul> <p>There are certain exceptions to this principle. The main items are: -</p> <ul style="list-style-type: none"> <li>(a) Electricity charges, telephone expenses, leasing and similar periodic payments are included in the Accounts on a payments basis and not accrued to the 31<sup>st</sup> March each year. Payments in respect of a full 12 months are included; and</li> <li>(b) The amount included in the accounts for the Budgeted Contributions are on the basis of cash received.</li> </ul> <p>The difference between the amounts charged annually to the Revenue Accounts in respect of items (a) and (b)</p>



		and the amounts that would be charged if they were accrued to the 31 <sup>st</sup> March each year is not significant.
(c)	<b>Cash and Cash Equivalents</b>	All cash transactions are administered by the Vale of Glamorgan Council as VVC does not operate its own Bank Account.
(d)	<b>Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors</b>	<p>A change in the accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.</p> <p>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, or other events and conditions of VVC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.</p> <p>Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.</p>
(e)	<b>Charges to Revenue for Non-Current Assets</b>	The does not hold any Non Current Assets at 31 <sup>st</sup> March 2023.
(f)	<b>Employee Benefits</b>	<p><b>Benefits Payable during Employment</b></p> <p>Short term employee benefits are those due to be settled within 12 months of the year end. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. Holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.</p> <p><b>Termination Benefits</b></p> <p>Termination benefits are amounts payable as a result of a decision by VVC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to Non-Distributed costs.</p> <p><b>Post-Employment Benefits</b></p> <p>Employees of the Joint Committee are members of the Local Government Pension Scheme, administered by Cardiff County Council Pension Authority. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Joint Committee.</p>

		<p><b>The Local Government Pension Scheme</b></p> <p><b>The Local Government Scheme is Accounted for as a Defined Benefits Scheme</b></p> <ul style="list-style-type: none"> <li>• The liabilities of the Cardiff and Vale Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., plus projections of projected earnings for current employees.</li> <li>• Liabilities are discounted to their value at current prices, using a discount rate.</li> <li>• The assets of the Cardiff and Vale Pension Fund attributable to VVC are included in the Balance Sheet at their fair value.</li> <li>• The actuarial valuation carried out at 31<sup>st</sup> March 2019 used the roll-forward method to 31st March 2023. The change in the net pension’s liability is analysed into the following components.</li> </ul> <p><b>Service Cost Comprising of</b></p> <ul style="list-style-type: none"> <li>• <b>Current Service Cost</b> – the increase in liabilities as a result of a year of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service(s) to which the employee worked.</li> <li>• <b>Past Service Cost</b> – the increase in liabilities as a result of the scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the surplus or deficit of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs.</li> <li>• <b>Net Interest</b> on the net defined benefit liability (asset), i.e., net increase expense for VVC – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit (asset) during the period as a result of contribution and benefit payments.</li> </ul> <p><b>Re-measurements Comprising of</b></p> <ul style="list-style-type: none"> <li>• The return on plan assets, excluded in net interest on the net defined liability (asset), charged to the Pensions</li> </ul>
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		<p>Reserve as Other Comprehensive Income and Expenditure.</p> <ul style="list-style-type: none"> <li>Actuarial gains and losses, changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. Statutory provisions require the Joint Committee Fund balance be charged with the amount payable by VVC to the pension fund or directly to pensioners in the year in relation to retirement benefits.</li> </ul> <p><b>Discretionary Benefits</b></p> <p>VVC also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements.</p>
(g)	<b>Events After the Balance Sheet Date</b>	<p>These are 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. Such events could result in the Statement of Accounts being adjusted. Two types of events can be identified:</p> <ul style="list-style-type: none"> <li>Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events; and</li> <li>Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is then 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.</li> </ul>
(h)	<b>Government Grants and Contributions</b>	<p>Government Grants, Third Party Contributions and Donations are recognised as due to VVC when there is reasonable assurance that:</p> <ul style="list-style-type: none"> <li>VVC will comply with the conditions attached to the payments; and</li> <li>The grant(s) or contributions will be received.</li> </ul> <p>Grants and contributions advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Once conditions are satisfied, the grants or contributions are credited to the Comprehensive Income and Expenditure Statement.</p>
(j)	<b>Leases</b>	VVC does not have any operating or finance leases in 2022/23.
(k)	<b>Overheads and Support Costs</b>	The cost of VVC Overheads and Support services apportioned out within the Comprehensive Income and Expenditure Statement. These costs now sit with the relevant groupings within the statements concerned.

(i)	<b>Inventories</b>	VVC did not hold any inventory as at 31 <sup>st</sup> March 2023.
(j)	<b>Property Plant and Equipment</b>	VVC did not hold any Property, Plant and Equipment as at 31 <sup>st</sup> March 2023.
(k)	<b>Provisions, Contingent Liabilities and Contingent Assets</b>	<p><b>Provisions</b></p> <p>Provisions are made when an event has taken place that gives VVC a legal or constructive obligation that probably requires settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.</p> <p>Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and expenditure Statement in the year that the 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.</p> <p>When payments are eventually made, they are charged to the provision carried in the Balance Sheet. VVC did not hold any provisions as at 31<sup>st</sup> March 2023.</p> <p><b>Contingent Liabilities</b></p> <p>A contingent liability arises where an event has taken place that gives VVC a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly in the control of VVC. 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.</p> <p>Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.</p> <p><b>Contingent Assets</b></p> <p>A contingent asset arises where an event has taken place that gives VVC a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of VVC.</p> <p>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.</p>
(l)	<b>Specific Reserves</b>	These reserves represent sums of money that are voluntarily set aside for specific purposes.
(m)	<b>Value Added Tax</b>	Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

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## **2. Accounting Standards that have been issued but have yet to be adopted**

At the balance sheet date, there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have any impact upon the financial statements. However, the following details are provided for information purposes: -

IFRS 16 - Leases: This Standard removes the previous lease classifications of operating and finance leases and will require local authorities that are lessees to recognise all leases on their balance sheets as right-of-use assets (there are exemptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. However, it should be noted that CIPFA/LASAAC have again deferred implementation of IFRS 16 for local government to 1 April 2024.

Infrastructure Assets – Temporary Relief: Following a consultation in the summer of 2022, CIPFA/LASAAC issued a code update on 29 November 2022. The update amends both the 2021/22 and 2022/23 Codes and includes specifications for future codes on the disclosure of gross cost and accumulated depreciation for infrastructure assets. The Code has been updated to include a temporary relief from the Code's core requirement to disclose gross cost and accumulated depreciation of infrastructure assets until 31 March 2025.

As the Regional Adoption Service does not hold any lease arrangements or infrastructure assets, it is not expected that there will be any material impact on the Joint Committee accounts from the implementation of this standard.

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

In applying the accounting policies set out above, VVC would have made certain judgements about complex transactions or those involving uncertainty about future events. However, there are none known at the date of the report.

There is a high degree of uncertainty about future levels of funding for local government and this will be addressed as part of the annual budget cycle.

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

The Audited Statement of Accounts was authorised for issue by the Head of Finance (Section 151 Officer) on 30<sup>th</sup> June 2023

Events taking place after this date are not reflected in the financial statements or notes. There have been no post balance sheet events prior to this date that have been reflected in the Statement of Accounts. Such events could result in the Statement of Accounts being adjusted. 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 condition 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.

## **5. Prior Period Adjustments**

A change in accounting policies or to correct a material error can result in a prior period adjustment. Changes in accounting estimates do not give rise to a prior period adjustment but are accounted for prospectively.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of the transactions, other events and condition of VVC'S financial position or financial performance. When 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 applied.

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

## **6. 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 VVC 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 materially different from the assumptions and estimates. The items in the Joint Committee's Balance Sheet at 31<sup>st</sup> March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

### **Debtors**

There are no significant debts held by VVC in excess of a year old as at the 31<sup>st</sup> March 2023.

### **Pensions Liability**

Pensions are provided under the Local Government Pension Scheme, with VVC being a member of the Cardiff and Vale Pension Fund, administered by Cardiff Council. Employees and employers contribute to the fund, along with investment income and growth generated.

Estimation of the net liability to pay pensions depends on a number of complex judgements related to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Cardiff and Vale Pension Fund with expert advice about assumptions to be applied. The actuarial report is based on a roll forward of the triennial valuation carried out at 31<sup>st</sup> March 2023.

The actuarial report confirms that they are maintaining a watching brief in relation to Covid-19 developments and the possible impact on defined benefit pension scheme liabilities.

The 2022/23 VVC element of the Pension Scheme has reduced by £2.960m in the year, which is reflected on the Balance Sheet. The estimated impact of the McCloud judgement has been accounted for within the 2022/23 pension valuation.

### **Future Period Budget Pressures**

In accordance with the Collaborative, as signed by all partner authorities on the 1<sup>st</sup> June 2015, the draft revenue budget must be agreed by the 31<sup>st</sup> December in the year preceding the year to which it relates an extension to this period was agreed by all partner authorities for 2023/24 with the Final Budget being agreed by 23<sup>rd</sup> January 2023. All amendments to the revenue budget are progressed in the following financial year.

### **Material Items of Income and Expenditure**

VVC does not have any material items of income and expenditure to report that require any further explanation.

## 7. Note to the Expenditure and Funding Analysis

<b>Notes to the Expenditure and Funding Analysis 2022/23</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Pension Interest Adjustment £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustment £'000</b>	<b>Accrued Annual Leave £'000</b>	<b>Total Adjustment £'000</b>
Core Budget	(90)	0	390	2	<b>302</b>
Regional Adoption Service Grant	0	0	0	0	<b>0</b>
Utilisation of Previous Years					
Underspend	0	0	0	0	<b>0</b>
<b>Net Cost of Services</b>	<b>(90)</b>	<b>0</b>	<b>390</b>	<b>2</b>	<b>302</b>
Contributions from Las	0	0	0	0	<b>0</b>
Interest Receivable	0	0	0	0	<b>0</b>
Pensions Interest Payable	90	0	0	0	<b>90</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>0</b>	<b>390</b>	<b>2</b>	<b>392</b>

<b>Notes to the Expenditure and Funding Analysis 2021/22</b>					
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>					
	<b>Pension Interest Adjustment £'000</b>	<b>Adjustments for Capital Purposes £'000</b>	<b>Net Change for Pensions Adjustment £'000</b>	<b>Accrued Annual Leave £'000</b>	<b>Total Adjustment £'000</b>
Core Budget	(90)	0	460	(23)	<b>347</b>
Regional Adoption Service Grant	0	0	0	0	<b>0</b>
Utilisation of Previous Years					
Underspend	0	0	0	0	<b>0</b>
<b>Net Cost of Services</b>	<b>(90)</b>	<b>0</b>	<b>460</b>	<b>(23)</b>	<b>347</b>
Contributions from Las	0	0	0	0	<b>0</b>
Interest Receivable	0	0	0	0	<b>0</b>
Pensions Interest Payable	90	0	0	0	<b>90</b>
<b>Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit</b>	<b>0</b>	<b>0</b>	<b>460</b>	<b>(23)</b>	<b>437</b>

### **Net Change for the Pensions Adjustments**

This adjustment relates to the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income which means:



- The replacement of the employer pension contributions with current service costs and past service costs.
- The net interest on the defined benefit liability is charged to the Other Income and Expenditure line.

**Accrued Annual Leave**

- Adjustments are made for accrued staff annual leave. There was a £2k variation to the overall calculated accrued annual leave balance value between 2021/22 and 2022/23.

## 8. Note to the Comprehensive Income and Expenditure Statement

2022/23	Employee Expenses £'000	Other Expenses £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Core Budget	2,014	247	2,261	(7)	(95)	(102)	2,159
Regional Adoption Service Grant	185	352	537	(537)	0	(537)	0
Utilisation of Previous Years Underspend	45	58	103	(18)	0	(18)	85
<b>Net Cost of Services</b>	<b>2,244</b>	<b>657</b>	<b>2,901</b>	<b>(563)</b>	<b>(95)</b>	<b>(657)</b>	<b>2,244</b>
<b><u>Finance &amp; Investment Income &amp; Expenditure</u></b>							
Contributions from Local Authorities			0			(1,921)	(1,921)
Repayment of Prior Year Underspend			0			0	0
Repayment of Implementation Reserve			0			0	0
Pension Interest Payable (Note 24)			90			0	90
<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>90</b>			<b>(1,921)</b>	<b>(1,831)</b>
<b>(Surplus)/Deficit on Provision of Services</b>			<b>2,991</b>			<b>(2,578)</b>	<b>413</b>

2021/22	Employee Expenses £'000	Other Expenses £'000	Gross Expenditure £'000	Grant Income £'000	Fees & Charges £'000	Gross Income £'000	Net Expenditure £'000
Core Budget	1,924	167	2,091	(54)	(75)	(129)	1,962
Regional Adoption Service Grant	190	351	541	(541)	0	(541)	0
Utilisation of Previous Years Underspend	27	10	37	0	0	0	37
<b>Net Cost of Services</b>	<b>2,141</b>	<b>528</b>	<b>2,669</b>	<b>(595)</b>	<b>(75)</b>	<b>(670)</b>	<b>1,999</b>
<b><u>Finance &amp; Investment Income &amp; Expenditure</u></b>							
Contributions from Local Authorities			0			(1,738)	(1,738)
Repayment of Prior Year Underspend			0			0	0
Repayment of Implementation Reserve			0			0	0
Pension Interest Payable (Note 24)			90			0	90
<b>Financing &amp; Investment Income &amp; Expenditure</b>			<b>90</b>			<b>(1,738)</b>	<b>(1,648)</b>
<b>(Surplus)/Deficit on Provision of Services</b>			<b>2,759</b>			<b>(2,408)</b>	<b>351</b>

**9. Adjustments between Accounting Basis and Funding Basis Analysis**

	<b>Usable Reserves £'000</b>	<b>Accumulated Absence Account £'000</b>	<b>Pensions Reserve £'000</b>	<b>Total Unusable Reserves £'000</b>
<b>2022/23</b>				
Accrued Staff Annual Leave	(2)	2	0	2
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(700)	0	700	700
Employers pension contributions and direct payments to pensions payable in year	310	0	(310)	(310)
	<b>(392)</b>	<b>2</b>	<b>390</b>	<b>392</b>

	<b>Usable Reserves £'000</b>	<b>Accumulated Absence Account £'000</b>	<b>Pensions Reserve £'000</b>	<b>Unusable Reserves £'000</b>
<b>2021/22</b>				
Accrued Staff Annual Leave	23	(23)	0	(23)
Reversal of Items Relating to retirement benefits debited or credited to the CIES	(750)	0	750	750
Employers pension contributions and direct payments to pensions payable in year	290	0	(290)	(290)
	<b>(437)</b>	<b>(23)</b>	<b>460</b>	<b>437</b>

## 10. Related Party Transactions

In accordance with IAS 24, the Joint Committee has a duty to disclose any material transactions with a related party. This is to ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

All cash transactions are administered by the Vale of Glamorgan Council (Host Authority) as VVC does not operate its own bank account. As at the 31<sup>st</sup> March 2023, the Joint Committee is owes £266k to the host authority relating to these transactions. During the year, transactions with Related Parties arose and are shown in the following table while debtor and creditor balances at year end are detailed in **Note's 13 and 14**.

Expenditure £'000	2022/23			Expenditure £'000	2021/22	
	Other Income £'000	Contribution Income £'000			Other Income £'000	Contribution Income £'000
181	(555)	(778)	The City of Cardiff Council	155	(560)	(699)
101	0	(297)	Vale of Glamorgan Council	49	0	(266)
33	0	(243)	Merthyr Tydfil Council	28	0	(211)
132	0	(603)	Rhondda Cynon Taff Council	131	0	(562)
0	(95)	0	Other Local Authorities	0	(72)	0
<b>447</b>	<b>(650)</b>	<b>(1,921)</b>	<b>Total</b>	<b>363</b>	<b>(632)</b>	<b>(1,738)</b>

Pension contributions are made to Cardiff and the Vale Pension Fund in respect of Joint Committee Employees. Interests of Members of the Joint Committee are maintained in a register held by their own Local Authority.

In 2022/23 VVC received two grants totalling £555k from the National Adoption Service that is administered by Cardiff County Council, these are included in the table above.

## 11. Audit Fees

2022/23 £'000		2021/22 £'000
1	Audit Wales Fees	1
<b>1</b>	<b>Total</b>	<b>1</b>

## 12. Leases

There are no long-term agreements as at the Balance Sheet date. VVC holds no leased assets.

**13. Debtors**

<b>2022/23 £'000</b>		<b>2021/22 £'000</b>
0	General	0
808	Other Local Authorities	791
0	Central Government Bodies	0
<b>808</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>791</b>

There are no unpaid debtor balances that are in excess of a year old, therefore, a provision for Bad and Doubtful Debt has not been included within the 2022/23 accounts.

**14. Creditors**

<b>2022/23 £'000</b>		<b>2021/22 £'000</b>
(9)	General	(18)
(386)	Other Local Authorities	(342)
(4)	Central Government Bodies	(3)
(266)	Cash owed to Host Authority	(264)
(21)	Accumulated Absences	(19)
<b>(686)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>(647)</b>

**15. Movement on Usable Reserves**

The General Fund balance is a distributable revenue reserve, which consists of the accumulated surpluses of VVC's operations.

	<b>General Reserves £'000</b>
<b>Balance as at 1st April 2021</b>	<b>(77)</b>
Drawdown from reserve for approved spend	37
Transfer 2021/22 Underspend	(123)
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>(163)</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>(163)</b>
Drawdown from reserve for approved spend	85
Transfer 2021/22 Underspend	(65)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>(143)</b>

## 16. Movement on Unusable Reserves

	Pension Reserves £'000	Accumulated Absences £'000	Total Unusable Reserves £'000
<b>Balance as at 1st April 2021</b>	<b>4,040</b>	<b>42</b>	<b>4,082</b>
Increase/(Decrease)	(560)	(23)	(583)
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>3,480</b>	<b>19</b>	<b>3,499</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>3,480</b>	<b>19</b>	<b>3,499</b>
Increase/(Decrease)	(2,960)	2	(2,958)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>520</b>	<b>21</b>	<b>541</b>

## 17. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2022/23 £'000	Pensions Reserve	2021/22 £'000
<b>3,480</b>	<b>Balance as at the 1st April</b>	<b>4,040</b>
(3,350)	Re-measurements of net defined liability/(asset)	(1,020)
700	Reversal of items relating to retirement benefits debited of credited to the Surplus or Deficit on the Provision of Services in the CIES	750
(310)	Employers pension contribution and direct payments to pensioners payable in the year	(290)
<b>520</b>	<b>Balance as at the 31st March</b>	<b>3,480</b>

## 18. Short Term Accumulated Absence Account

The short term accumulated absence account absorbs the differences that would otherwise arise on VVC reserves from accruing for compensated absences earned but not yet taken in the financial year i.e. annual leave carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the VVC's Fund Balance is neutralised by transfers to/from the Account.

2022/23 £'000	Accumulated Absences Account	2021/22 £'000
<b>19</b>	<b>Balance as at 1st April</b>	<b>42</b>
<b>21</b>	Amounts accrued at the end of the current year	<b>19</b>
(19)	Amounts by which officer remuneration charges to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with the statutory requirements.	(42)
<b>21</b>	<b>Balance as at 31st March</b>	<b>19</b>

## **19. Capital Adjustment Account**

VVC does not have any capital assets or capital expenditure.

## **20. Retirement Benefits Defined Benefit Schemes**

### **Local Government Pension Scheme Funded Benefits**

The disclosures below relate to the funded liabilities within the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the Local Government Pension Scheme (the LGPS). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the 'Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2022 and the contributions to be paid until 31 March 2024 resulting from that valuation are set out in the Fund's rates and adjustment certificate.

The Fund Administering Authority, City and County of Cardiff, is responsible for the governance of the Fund.

### **Local Government Pension Scheme Unfunded Benefits**

The disclosures below also relate to the unfunded pension arrangements established by The Vale of Glamorgan Council. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (LGPS) under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations and members of the Teachers' Pension Scheme.

The latest actuarial valuation of unfunded benefits took place as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary basis on an actuarial basis using the projected unit credit method.

### **Key Issues impacting the actuarial calculation**

#### **2022 Actuarial Valuation**

These results allow for the 2022 Actuarial Valuation of the Cardiff and Vale Pension Fund. The effect of this is shown in the Actuarial (gains)/losses due to liability experience and the Return on plan assets (in excess of)/below that recognised in net interest and is reflected in the balance sheet position. The demographic assumptions



have also been adjusted, and the Current Service Cost has also been updated to reflect the employer's membership data as at the 2022 valuation.

### **McCloud Judgement**

All employers will have accounted for McCloud in previous years and there is therefore no requirement to recognise an additional past service cost in relation to this.

### **Assets Returns**

Asset Returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening balance sheet position before allowance for the 2022 Actuarial Valuation.

### **Financial Assumptions**

All inflation linked benefits are determined by reference to CPI. The recommended CPI Inflation at each duration has been calculated using the Aon UK Gilts Prices RPI curve adjusted for the RPI-CPI wedge, establishing an equivalent average CPI inflation rate for the four sample schemes.

The defined benefit obligation has been adjusted for actual CPI inflation being higher (or lower) than assumed. Over this accounting period the adjustment is based on actual CPI inflation of 13.8% between September 2021 and February 2023.

The defined benefit obligation has been adjusted to allow for salary increases of 7% per annum in line with the average settlement for 2022 under the National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.

### **Demographic Assumptions**

All mortality assumptions are based on an analysis of the Fund's recent mortality experience that was carried out in advance of the 2022 valuation of the Fund using Aon's demographic horizon's longevity model.

Other demographic assumptions are the rates of withdrawal and ill health retirements (for active members). The allowance made for cash commutation on retirement, the proportion of members whose death gives rise to a dependent's pension and the assumed levels of promotional salary increases. These assumptions have been kept as the same level as in the 2022 valuation.

### **Impact of Covid-19 on Mortality**

The 2022 valuation reflects the impact of the Covid-19 on mortality rates.

## Key Assumptions

The principle assumptions used by the actuary in updating the latest valuation of the Fund for IAS purposes were:

	31st March 2023 % per annum	31st March 2022 % per annum
Discount Rate	4.60%	2.70%
CPI Inflation	2.60%	2.90%
Rate of Increase to Pensions in Payment	2.60%	2.90%
Pension Accounts Revaluations Rate	2.60%	2.90%
Rate of Increase in Salaries	3.60%	3.90%

- The duration of the liabilities is the average period between the calculation date and the date at which benefit payments fall due. Durations will be calculated based on the output of the most recent valuation exercise of the Employer's funded liabilities.
- Employers may also prepare a separate disclosure note for their unfunded benefit schemes' which pay pensions awarded at retirement on a discretionary basis. The duration of the unfunded liabilities will usually be shorter than the duration of the LGPS benefits. In the interest of pragmatism and practicality it is recommended that the financial assumptions used to report the unfunded scheme liabilities are the same as those used for valuing funded benefits.
- Pension increases on pension in excess of the Guaranteed Minimum Pension in payment where appropriate.
- It is recommended that the assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases.
- The defined benefit obligation has been adjusted to allow for salary increases of 7% pa in line with the average settlement for 2022 under National Joint Council negotiations. This impacts the value of active members' liabilities that remain linked to final salary.
- The mortality tables shown apply to normal health retirements. Different rates may apply to retirements in ill health

## Post Retirement Mortality (Retirement in Normal Health)

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectations at age 65 in normal health resulting from these mortality assumptions are shown below.

<b>Post Retirement Mortality</b>	<b>31st March 2023</b>	<b>31st March 2022</b>
<b>Males</b>		
Member Aged 65 at Accounting Date	22.6	22.1
Member Aged 45 at Accounting Date	23.2	23.2
<b>Females</b>		
Member Aged 65 at Accounting Date	24.7	24.6
Member Aged 45 at Accounting Date	25.8	26.0

The majority of the Fund's obligations are to provide benefits for the life of a member following retirement, so increases in life expectancy will result in an increase in the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if the situation arises. The assets are invested in a diversified spread of investments and the approximate split for the Fund as a whole is included in the disclosures.

The Administering Authority does not invest in property or assets related to itself. It is possible, however, that assets may be invested in shares relating to some of the private sector employers participating in the Fund if it forms part of their balanced investment strategy.

## Asset Allocation

	<b>Asset Split as at 31st March 2023</b>	<b>Asset Split as at 31st March 2022</b>
Quoted Equities	67.90%	67.50%
Property	7.20%	6.90%
Government Bonds	8.80%	9.20%
Corporate Bonds	7.60%	8.40%
Multi Asset Credit	5.30%	5.70%
Cash	3.20%	2.30%
Other	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Reconciliation of Funded Status to Balance Sheet

	Value at 31st March 2023 £M	Value at 31st March 2022 £M
Fair Value of Assets	5.12	4.89
Present Value of Funded Defined Benefit Obligation	(5.64)	(8.37)
<b>Funded Status</b>	<b>(0.52)</b>	<b>(3.48)</b>
Unrecognised Asset	0.00	0.00
<b>(Liability) Recognised on the Balance Sheet</b>	<b>(0.52)</b>	<b>(3.48)</b>

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	70%
Deferred Pensioners	15%
Pensioners	15%

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'Orphan Liabilities' may in retrospect not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan Liabilities' are currently a small proportion of the overall liabilities in the Fund.

## Maturity Profile of the Defined Benefit Obligation

The Employer's regular contribution to the Fund for accounting period ended 31<sup>st</sup> March 2023 are estimated to be £0.29m, with the duration of liabilities being 23.1 years.

### Breakdown of Amounts Recognised in Surplus/Deficit on the Provision of Services and Other Comprehensive Income

	Period Ended 31st March 2023	Period Ended 31st March 2022
<b>Operating Cost</b>	<b>£M</b>	<b>£M</b>
Current Service Cost	0.61	0.66
Past Service Cost (including curtailments)	0.00	0.00
Settlement Cost	0.00	0.00
<b>Financing Cost</b>		
Interest on Net Defined Benefit Liability/(Asset)	0.09	0.09
<b>Pension Expense Recognised in Surplus or Deficit</b>	<b>0.70</b>	<b>0.75</b>
<b>Re-measurements in Other Comprehensive Income</b>		
Return on Plan Assets (in excess of)/below that recognised in Net Interest	0.27	(0.20)
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(3.80)	(0.77)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.03)	(0.08)
Actuarial (Gains)/Losses due to Liability Experience	0.21	0.03
<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>(3.35)</b>	<b>(1.02)</b>
<b>Total Amount Recognised in Comprehensive Income &amp; Expenditure</b>	<b>(2.65)</b>	<b>(0.27)</b>

The current service costs included an allowance for the administration expenses of £0.01M at 31<sup>st</sup> March 2023.

### Changes to the Present Value of the Defined Obligation During the Period

	Period Ended 31st March 2023	Period Ended 31st March 2022
	<b>£M</b>	<b>£M</b>
<b>Opening Defined Benefit Obligation</b>	<b>8.37</b>	<b>8.34</b>
Current Service Cost	0.61	0.66
Interest Expense on Defined Benefit Obligation	0.23	0.18
Contribution by Participants	0.09	0.09
Actuarial (Gains)/Losses due to Changes in Financial Assumptions	(3.80)	(0.77)
Actuarial (Gains)/Losses due to Changes in Demographic Assumptions	(0.03)	(0.08)
Actuarial (Gains)/Losses due to Liability Experience	0.21	0.03
Net Benefits Paid Out	(0.04)	(0.08)
Past Service Cost Including Curtailments	0.00	0.00
Net Increase in Liabilities from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing Defined Benefit Obligation</b>	<b>5.64</b>	<b>8.37</b>

**Changes to the Fair Value of Assets during the Accounting Period**

	Period Ended 31st March 2023 £M	Period Ended 31st March 2022 £M
<b>Opening Fair Value of Assets</b>	<b>4.89</b>	<b>4.3</b>
Interest Income on Assets	0.14	0.09
Re-measurements Gains/(Losses) on Assets	(0.27)	0.20
Contributions by the Employer	0.31	0.29
Contribution by the Participant	0.09	0.09
Net Benefits Paid out	(0.04)	(0.08)
Net increase in Assets from Disposals/Acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing Fair Value of Assets</b>	<b>5.12</b>	<b>4.89</b>

**Actual Return on Assets**

	Period Ended 31st March 2023 £M	Period Ended 31st March 2022 £M
Interest Income on Assets	0.14	0.09
Re-measurements Gains/(Losses) on Assets	(0.27)	0.20
<b>Actual Return on Assets</b>	<b>(0.13)</b>	<b>0.29</b>

**Sensitivity Analysis of Projected Service Costs 2022/23**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. 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.

Projected service cost in the sensitivity analysis below is the projected service cost for the period ending 31st March 2024.

**Discount Rate Assumption**

<b>Adjustment to Discount Rate</b>	<b>+0.1% p.a.</b>	<b>Base Figure</b>	<b>-0.1% p.a.</b>
Present Value of Obligation (£M)	5.51	5.64	5.77
% Change in Present Value of Total Obligation	(2.3)%		2.3%
Projected Service Cost (£M)	0.28	0.29	0.30
Approximate % Change in Projected Service Cost	(4.0)%		4.1%

**Rate of General Increase in Salaries**

<b>Adjustment to Salary Increase Rate</b>	<b>+0.1% p.a.</b>	<b>Base Figure</b>	<b>-0.1% p.a.</b>
Present Value of Total Obligation (£M)	5.66	5.64	5.62
% Change in Present Value of Total Obligation	0.4%		(0.4)%
Projected Service Cost (£M)	0.29	0.29	0.29
Approximate % Change in Projected Service Cost	0.0%		0.0%

**Rate of Increase to Pensions and Rate of Revaluation of Pension Accounts**

<b>Adjustment to Pension Increase Rate</b>	<b>+0.1% p.a.</b>	<b>Base Figure</b>	<b>-0.1% p.a.</b>
Present Value of Total Obligation (£M)	5.75	5.64	5.53
% Change in Present Value of Total Obligation	1.9%		(1.9)%
Projected Service Cost (£M)	0.30	0.29	0.28
Approximate % Change in Projected Service Cost	4.1%		(4.0)%

**Post Retirement Mortality Assumption**

<b>Adjustment to Mortality Age Rating Assumption</b>	<b>- 1 year</b>	<b>Base Figure</b>	<b>+ 1 year</b>
Present Value of Total Obligation (£M)	5.79	5.64	5.49
% Change in Present Value of Total Obligation	2.7%		(2.7)%
Projected Service Cost (£M)	0.30	0.29	0.28
Approximate % Change in Projected Service Cost	3.6%		(3.6)%

- A rating of +1 year means that members are assumed to follow the mortality pattern for the base table for an individual that is 1 year older than them.

**21. Employee Emoluments****Officers Remunerated in Excess of £60,000**

There were no employees whose remuneration, excluding employer's pension contributions but including redundancy costs, were over £60,000 or more in 2021/22 and 2022/23. The Regional Adoption Managers salary is in the £50k to £55k bracket.

The Management Committee members of VVC are employed directly by the partner authorities and their remuneration is not reflected in the accounts or the remuneration disclosures.

The designated Section 151 Officer for the Joint Committee is the Section 151 Officer for the Vale of Glamorgan Council as host authority. No remuneration for this post has been charged to the accounts or is included in the disclosure notes.

## Exit Packages

There were no exit packages agreed in 2021/22 or 2022/23 by the service.

## 22. Interest

Interest is paid based on monthly average cash balances due to/from the Vale of Glamorgan Council.

	2022/23 £	%	2021/22 £	%
Interest (Charged)/Received on the VVC Account Balances	0.0	n/a	£232	0.48%



## **Comprehensive Glossary**

### **Accounting Period**

The period of time covered by the accounts, typically a period of 12 months commencing on 1<sup>st</sup> April. The end of the accounting period is the balance sheet date.

### **Accounting Policies**

The specific principles, bases, conventions, rules and practices applied by the Council on behalf of the Joint Committee in preparing and presenting its financial statements.

### **Accruals**

Amounts included in the final accounts to recognise revenue and capital income and expenditures earned or incurred in the financial year, but for which actual payment had not been received or made as at 31<sup>st</sup> March.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because of events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or the actuarial assumptions have varied.

### **Amortisation**

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

### **Asset**

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

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

### **Balance Sheet**

A statement in the recorded assets, liabilities and reserves at the end of the accounting period.

### **Capital Financing**

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

### **Cash Equivalents**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **Comprehensive Income and Expenditure Account**

The revenue account of VVC that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from budgeted contributions, grants and other income.

### **Creditor**

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

### **Current Service Cost (Pensions)**

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

### **Debtor**

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

### **Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

### **Depreciation**

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

### **Discretionary Benefits (Pensions)**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's (Vale of Glamorgan Council as Host) discretionary powers such as the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.

### **Effective Interest Rate**

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

### **Employee Benefits**

All forms of consideration given by VVC in exchange for services rendered by its employees.

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

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet and the date when the Statement of Accounts is authorised for issue.

### **Exceptional Items**

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

### **Expected Return on Pension Assets**

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

### **Extraordinary Items**

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

### **Fair Value**

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

### **Financial Instruments**

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

### **Going Concern**

The concept that the Statement of Accounts are prepared on the assumption that the VVC will continue in operational existence for the foreseeable future.

### **Impairment**

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

### **Intangible Assets**

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

### **Liability**

A liability is where the VVC owes payment to an individual or another organisation.

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

### **Materiality**

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

### **Net Book Value**

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

### **Past Service Cost (Pensions)**

For a defined pension scheme, the increase in the present value of the scheme's liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

### **Pension Scheme Liabilities**

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

### **Prior Year Adjustment**

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

### **Provision**

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

### **Related Parties**

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

### **Re-measurement of Pension Liability**

Changes to the pension liability made to reflect the return on plan assets and because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

**Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available can be spent or earmarked at the discretion of VVC.

**Residual Value**

The net realisable value of an asset at the end of its useful life.

**Useful Economic Life (UEL)**

The period over which VVC will derive benefits form the use of a non-current asset.