

Statement of Accounts

2023/24



NEWPORT
CITY COUNCIL
CYNGOR DINAS
CASNEWYDD

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Newport City Council

Introduction

The 2023/24 financial year represented another challenging one for Newport City Council, much like a lot of other councils across Wales and the rest of the United Kingdom. The cost of living crisis, and the high inflationary environment that underpinned that, was a central part of the 2023/24 budget process, with significant budget increases required in areas such as energy and employee pay. Whilst the budget set for the year aimed to adequately cater for those cost increases, there was still a degree of risk upon starting the year, with final pay awards and third-party provider costs not finalised. In addition to the inflationary challenges, there continued to be significant challenges in relation to demand-led services, with homelessness services and out of area placements within Children's Services experiencing the most acute demand pressures. Notwithstanding these challenges, the Council was able to manage its finances carefully and remain within its overall budget for 2023/24.

Aside from the challenging financial situation, 2023/24 saw a relatively settled year in terms of Council leadership, both from an officer and elected member perspective. Delivery of the Council's corporate plan continued and the transformation programme continued to be developed, with strands such as the Asset Programme moving into the delivery phase. The Council's hybrid approach to work continued to be embedded across the organisation, with this becoming the default mode of working for a large proportion of the workforce. In terms of large capital schemes, the Bassaleg Band B scheme was completed and works commenced on both the St Andrew's and Whiteheads school schemes. The refurbishment of the Transporter Bridge and development of a new visitor centre continued to progress, the demolition of the Newport Centre was undertaken, and a range of low carbon heat initiatives were delivered.

Moving into 2024/25, the levels of inflation have started to ease and return to a more typical level, albeit prices continue to rise. A balanced budget was successfully achieved for 2024/25, however the medium-term outlook remains extremely challenging, with demand for services continuing to remain high. As ever, each budget round is more difficult than the last, due to the cumulative effect of the continued need to identify savings, with the 2025/26 budget round potentially set to be the most difficult yet.

1. About Newport and the Council

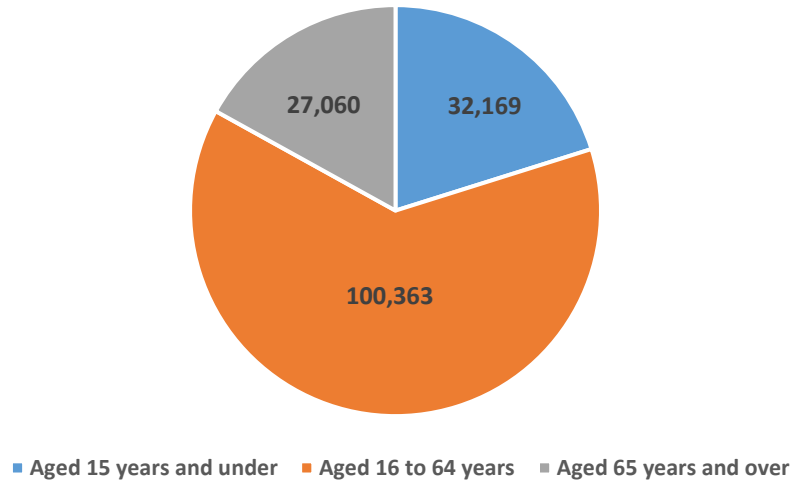
Newport is a coastal city, covering a geographical area of just over 84 square miles. It has an urban hub with a rural hinterland and is home to one of Wales' most diverse and multi-cultural populations. The 2021 Census results showed that Newport's population increased by 9.5% from around 145,700 in 2011 to 159,600 in 2021. There is employment in the city of circa 73,400 across a broad range of industries.

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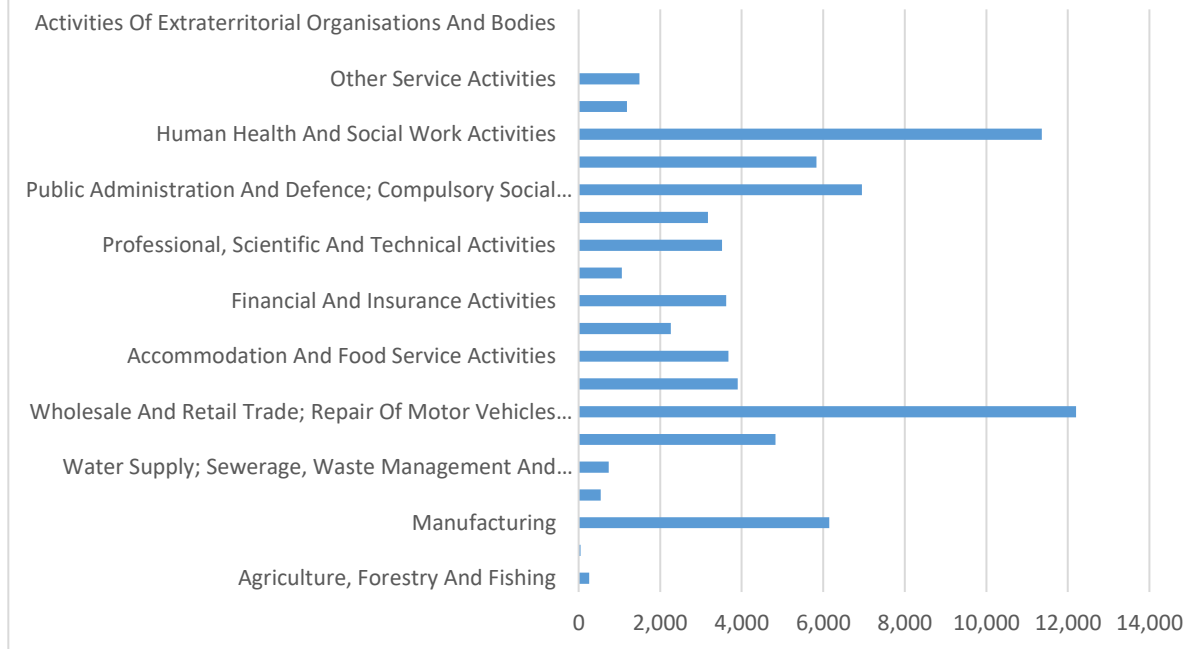
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Newport's Population by Age



Employment by Broad Industry



Newport City Council's [Corporate Plan 2022-2027](#) 'An ambitious, fairer greener Newport for everyone' was approved in November 2022 and continued to be delivered in 2023/24. The Corporate Plan has 4 Well-being Objectives:

1. **Economy, Education and Skills** – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.
2. **Newport's Environment and Infrastructure** – A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.

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3. **Quality Social Care and Community Services** – Newport is a supportive City where communities and care are at the heart of what we do.
4. **An Inclusive, Fair and Sustainable Council** – Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

To support the delivery of the Corporate Plan, the Council has adopted the following principles which are aligned to the statutory duties of fairness, equality (including socio-economic duty), sustainability principles and Marmot / Fairness Commission principles:

- Fair and Inclusive
- Empowering each other
- A Listening Council
- Newport's Values

The Council employs approximately 5,750 members of staff (including teachers and other school-based staff) and every day the mission is executed through the delivery of around 800 discrete activities in various service delivery methods, ranging from services the Council delivers directly to services delivered in partnerships with a number of other organisations.

2. The Council's Performance and Achievements in 2023/24

The last financial year continued to see the challenges of the cost of living impacting on vulnerable and disadvantaged households and communities in Newport. Front-line services such as housing, social services (Adult, Children and Prevention & Inclusion), Education and schools have seen continuing increases in demand for support and intervention. In response, Newport City Council and its partners in public, not-for-profit and social enterprises have undertaken various prevention and intervention activities such as cost of living events, and warm spaces to signpost and access services to help with their financial, housing and social care needs.

The Council's Housing Services continue to work hard to meet the demands of a constantly changing external environment and have seen the continued impact of changes to Welsh and UK legislation / policy. The Housing Transformation Programme is progressing well with some key achievements including restructure of frontline services, staff training programme and improvements in IT systems and processes. The number of people in temporary accommodation remained a challenge for the service, but the team was able to secure £10.5 million in Transitional Accommodation Capital Funding to deliver 95 new social homes including 77 Registered Social Landlord properties which were previously void. The leasing scheme Wales offer for private landlords was also fully established and a steady pipeline of new properties is in place.

At the start of 2024, Newport City Council launched its new website. The new website saw a real step change in how the Council enables people to access the services they need, improve the transparency of Council services and decision making. This work will be continuing into 2024/25 as the Council adds further improvements and functionality.

In 2023/24, the Council fully implemented the new 3 weekly bin collection service. One of the impacts of the new collection cycle was a reduction in the amount of residual waste generated per person from 151.8kgs per person to 140.02kgs per person. The Council also improved its recycling performance seeing the city's recycling increase from 65.2% in 2022/23 to 67.9% in 2023/24.

In Education services, the Council made good progress in the delivery of the Sustainable Communities for learning programme with the Bassaleg Comprehensive school redevelopment completing and continued progress with the

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St Andrews Primary School development and Whiteheads. Newport also went another year without any schools in Estyn statutory measures.

Significant progress was made in the delivery of the Council's property services towards the end of 2023/24 as the Council's Cabinet approved the proposal to create a Local Authority Trading Company (LATCO) arrangement to deliver the service from January 2026. The Council's Asset programme also saw progress with some key assets being repurposed for community services and approval of the Council's Strategic Asset Management Plan which will enable the Council to prioritise its asset stock for Council and community use.

Regeneration of the city centre and the city's communities is continuing at pace with major developments such as the leisure centre, Transporter Bridge / Heritage Centre making good progress. Across communities in Newport, the Environment & Public Protection team improved 17 play areas for children and young people. The Council also saw progress being made in the delivery of the Shared Prosperity Fund, with over £30 million of funding allocated to Council and community projects throughout the city up to March 2025.

The Council's highways infrastructure remains in a challenging state as the Council continues to see the road condition deteriorate without the necessary investment to keep it in a 'steady state'. In response the Council's Infrastructure service continues its reactive work to ensure the highway asset is maintained in accordance with the Council's Highways Asset Management Plan.

Within Newport City Council, improvements were made in the Council's sickness and check-in performance. The Council also launched its People Plan with its aim to develop and support its staff to meet the challenges of the Council and manage the health and well-being of its staff.

3. Explanation of Accounting Statements

These Statement of Accounts and notes sets out the Council's income and expenditure for the year, and its financial position as at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

There are 4 key statements together with supporting notes, as follows

- The **Comprehensive Income and Expenditure Statement (CIES)** - this reflects the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement is concerned with corporate transactions and funding.
- The **Movement in Reserves Statement** - summarises the Council's income and expenditure activity (in the CIES) and shows how this is adjusted back to arrive at the Council's funding/or Council Tax position, and how surpluses/ deficits have been distributed to reserves.
- **The Balance Sheet** - is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- **The Cash Flow Statement** - shows the movements in the cash and cash equivalents of the Council during the reporting period.

The Statement of Accounts also includes consolidated group accounts:

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- **The Group Accounts** - are prepared in addition to the single entity accounts where local authorities have material interests in subsidiary and associated companies and joint ventures. The Group Accounts have been prepared to include Newport Transport Limited, a 100% owned municipal bus company and comprise the Movement in Reserves Statement; the Comprehensive & Income Expenditure Statement; the Balance Sheet; the Cash Flow Statement and associated notes.

The **Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication.

The narrative that follows this provides some informal commentary on the Council's financial performance, the balance sheet and future financial outlook.

4. Financial Performance 2023/24

The 2023/24 budget and funding

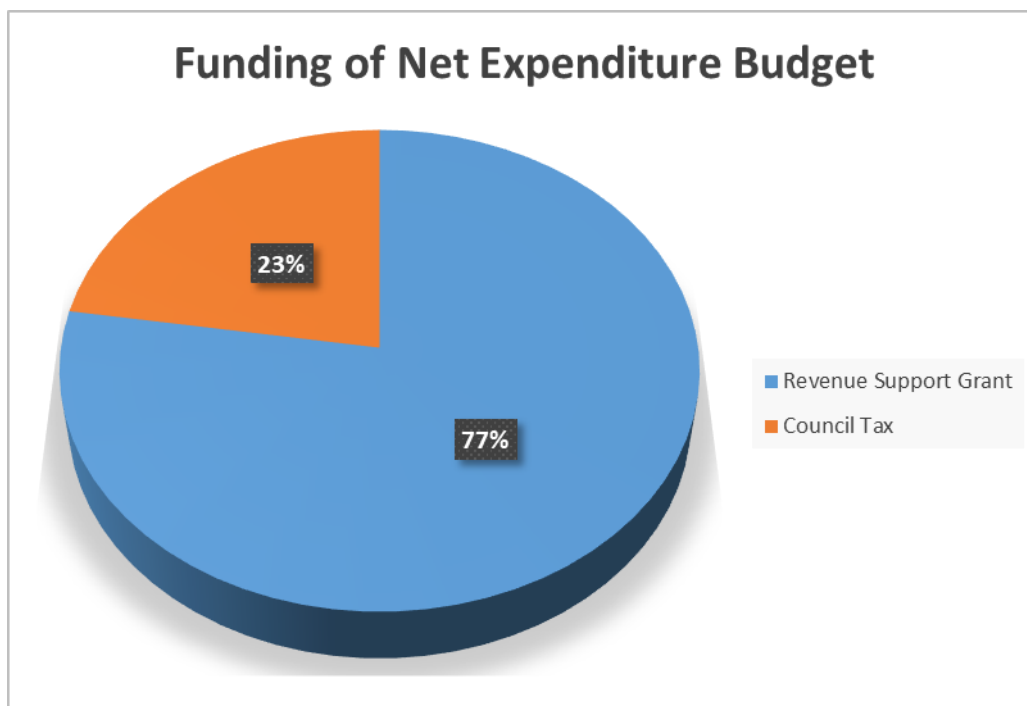
The 2023/24 budget setting process was, as with the previous year, set against the backdrop of a positive funding settlement from Welsh Government, with a final increase of £23.910m (equating to 9%) being received. This final settlement was better than anticipated, and was the result of an overall increase in funding provided to local authorities, as well as an increased share of funding for Newport, due to positive data changes within the funding formula arising from population increases primarily. This funding increase, coupled with a Council Tax increase of 8.5%, enabled the Council to fund the significant inflationary pressures that had been identified, as well as significant service demand pressures in areas such as homelessness and social care, without the need for the use of earmarked reserves to balance the budget.

The final approved net budget for 2023/24 was £373.7m, of which 77% was funded via WG Revenue Support Grant and redistributed non-domestic rates. The 23% balance was funded via Council Tax, set locally, as outlined in the graphic that follows. It should be noted that, as Council Tax is the only element directly under the Council's control, an overall 1% increase in funding requirement equates to a roughly a 4% increase in Council Tax. To exemplify this, the agreed 8.5% increase in Council Tax only contributed to a £6.6m gross increase in funding, compared with the WG funding increase of 9% which delivered an increase of £23.9m.

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The net budget of £343.0m represented an overall increase of £30.7m on the net budget from 2022/23. The final budget included financial pressures in relation to inflation totalling £38.1m, and budget investments amounting to £10.9m. The level of savings required was significant, standing at £19.6m, including a large requirement from schools (£7.5m). The aforementioned 8.5% Council Tax increase was much higher than the level originally assumed within the medium-term financial plan, reflecting the significant change in the inflationary environment. However, despite this level of increase, the Newport Council Tax rate, at £1,380 per Band D property, remained one of the lowest within Wales. This low ranking, coupled with the proportion of properties in the lower bandings, continues to present challenges to the authority, in terms of its funding generating ability when compared with councils across the UK, restricting the level of investment that can be made within services.

The medium-term outlook, at the point of setting that particular budget, reflected a sizeable budget gap for the years 2024/25 to 2025/26 (£27m). The fact that Welsh Government provided an indicative funding settlement for the following year aided planning, however the longer term inflationary picture was uncertain, as was the continuing demand for services, both of which added a level of uncertainty to an already challenging outlook.

Revenue budget 2023/24

The 2023/24 revenue outturn produced a net underspend, after core budget contributions to/from reserves and provisions, of £5.4m against the £373.7m budget (1.5% variance). This variance has arisen for several reasons, outlined in more detail via an individual service analysis of key variances shown later in this report.

At a high level, the following explains the position:

- Increased demand for services in areas such as Children's Services and Housing.
- Overachievement against income targets within Adult Services, due to fee increases and a high number of full cost payers.

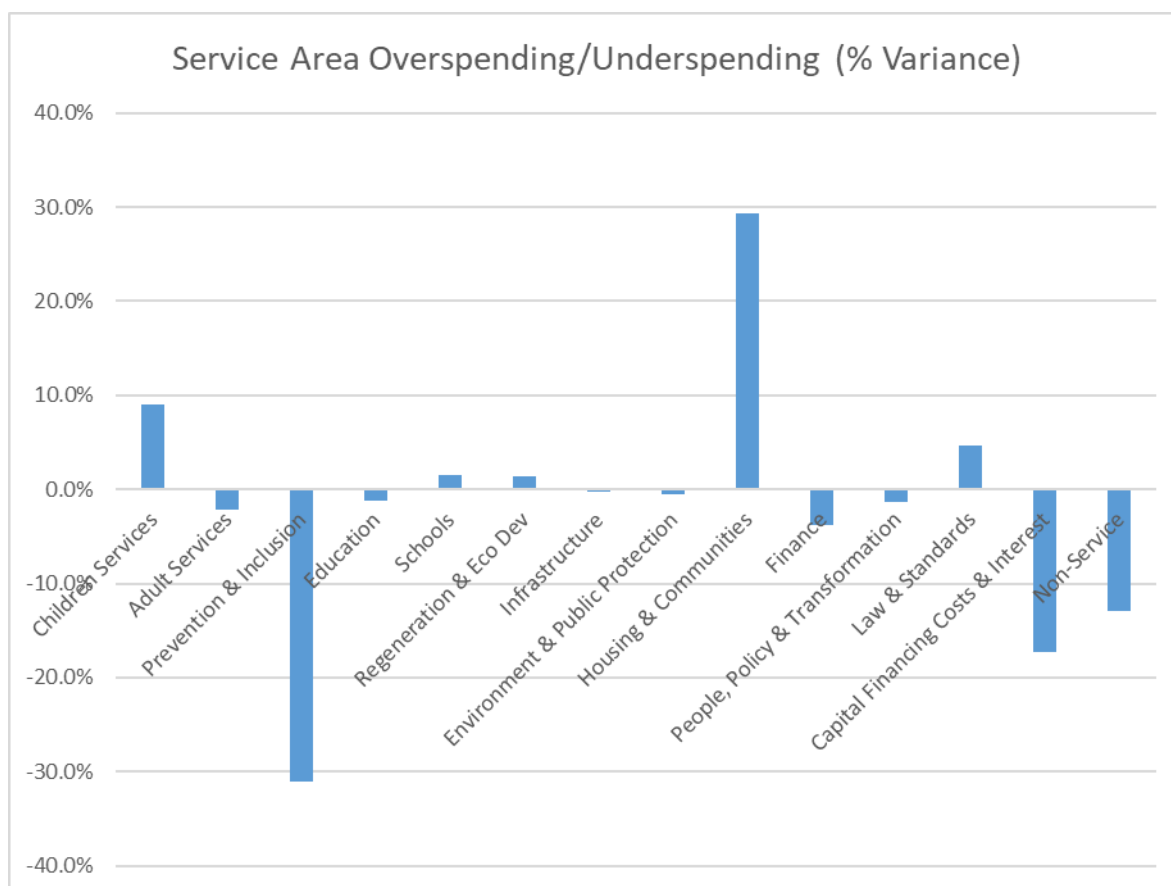
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- Underspending against non-service budgets such as Council Tax Reduction Scheme and Capital Financing (the latter of which was expected due to the front loading of that budget in order to meet the commitments contained within the Capital Programme).
- Availability of the general contingency budget to offset the above costs.
- A Council Tax surplus, part of which was the product of reversing historic bad debt provisions that were no longer deemed necessary.
- General underspends against various service area budgets, a large part of which related to vacancies experienced due to the general recruitment challenges being faced by the public sector.

In line with the previous year, the 2023/24 outturn position has resulted in earmarked reserve balances reducing when compared with the carried forward balances. In the case of schools, there has been an overall reduction in collective balances, although this was largely expected as schools utilised balances to manage the savings requirement. The graph below shows the outturn variances for each service area, expressed as a percentage of each service's net budget. The equivalent graph from the previous year showed a similar picture, with a couple of services showing large overspends, a couple showing large underspends and the majority achieving an outturn broadly in line with budget.



In terms of schools, specifically, an overall overspend and consequent reduction in school balances was reported. This was largely expected, as schools set budgets that were reliant upon accessing balances to cover in-year expenditure and the savings requirement. However, the final overspend was actually lower than expected, suggesting that schools may have been more successful at identifying savings than anticipated.

Capital Programme

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The Council's previous capital programme concluded during the 2022/23 financial year and the new rolling five-year programme commenced in 2023/24. An overview of the programme, including the actual expenditure incurred in 2023/24 is outlined below.

	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	Total 5-year programme
	£m	£m	£m	£m	£m	£m
TOTAL EXPENDITURE	79.5	88.5	27.8	9.7	6.5	211.9

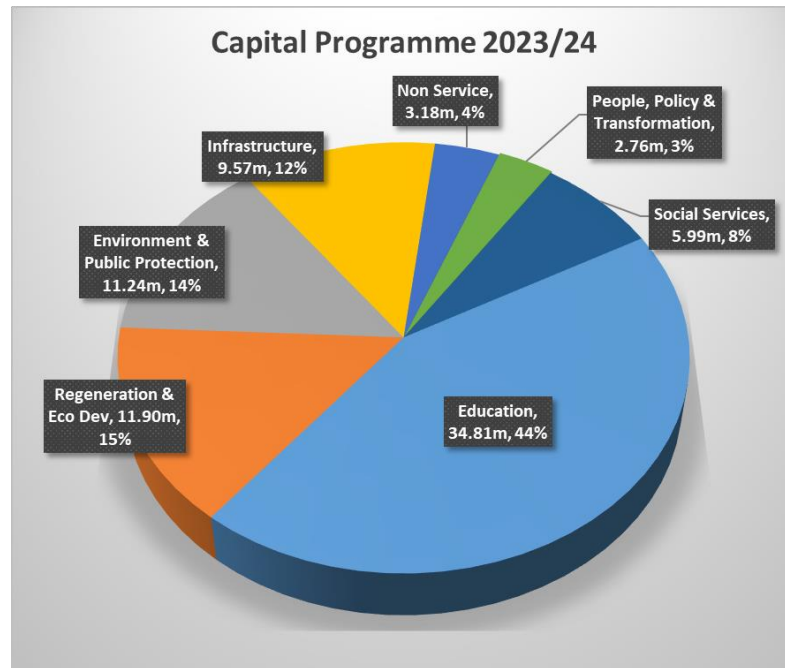
The total programme activity during 2023/24 included:

- Significant investment in schools through the Welsh Government's Sustainable Communities for Learning Programme.
- Various other school-related schemes including capital works required to enable the universal free school meals offer and works to support learners with additional learning needs.
- A number of social care projects, including schemes to increase care capacity and continued investment in Disabled Facilities grants.
- A range of low carbon heat schemes aimed at lowering carbon emissions
- Refurbishment works to the Transporter Bridge, which will continue into 2024/25.
- A variety of road, transport and infrastructure works, and investment in private sector bus electrification.
- The demolition of the Newport Centre to facilitate the development of Newport Knowledge Quarter.

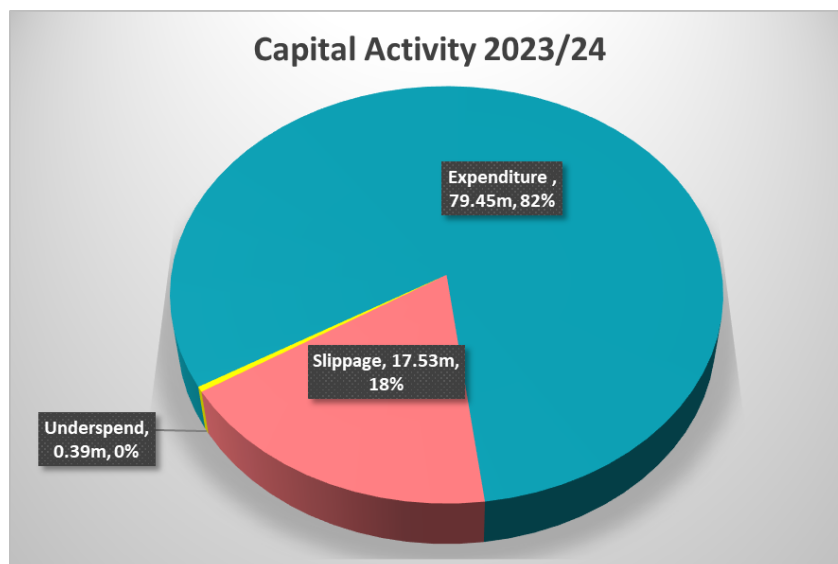
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During 2023/24, the Council spent £79.5m on Council assets to maintain and improve service delivery and to support regeneration initiatives. The outturn position for capital in the year showed a total slippage (budget moved into future years of the programme) of £17.5m and a net underspend of £0.4m.



The capital financing for the £79.5m expenditure was as follows,

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Capital Expenditure 2023/24	£	Financed by:	£
Education & Schools	34.81m	Grants	41.67m
Regeneration & Economic Development	11.90m	Borrowing	19.62m
Environment & Public Protection	11.24m	Council Resources	14.36m
Infrastructure	9.57m	Contributions & S106	3.80m
Non Service	3.18m		
People, Policy & Transformation	2.76m		
Social Services	5.99m		
TOTAL	79.45m		79.45m

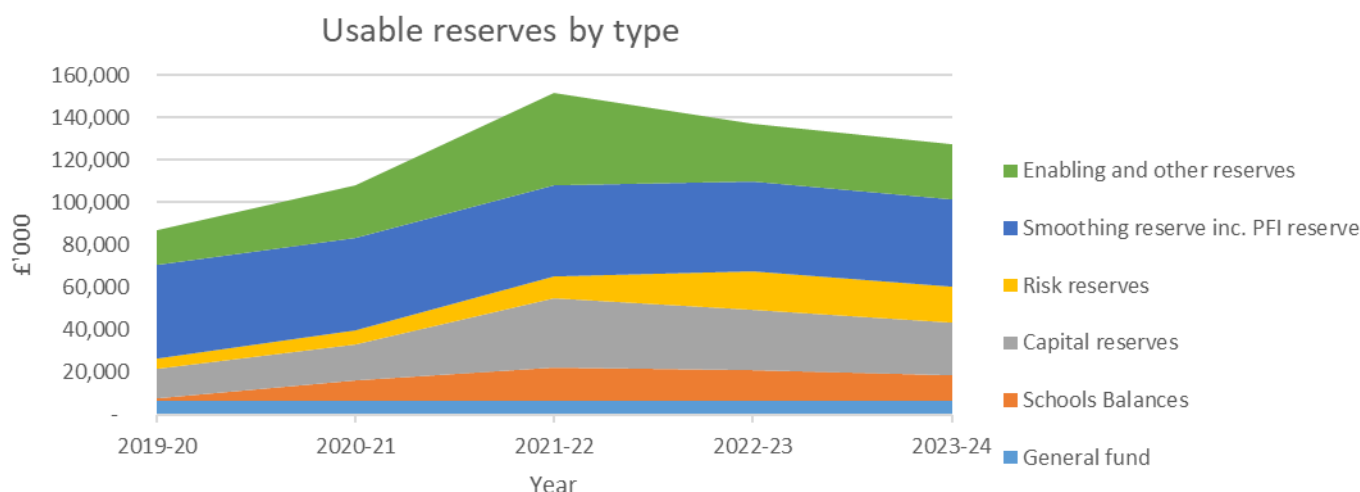
Balance Sheet

The Balance Sheet shows a snapshot of the Council's assets and liabilities as at 31 March 2024, including its reserves. The Council's balance sheet has seen an increase of £115.1m in value between 2022/23 (net assets of £399.2m) and 2023/24 (net assets of £514.1m). This movement is mainly due to a further reduction in the pension fund liability of £87.2m.

Usable reserves (a reserve which can be used to fund cash expenditure of the Council) of £127.7m shows the Council as having strong financial resilience. A further breakdown of these Usable reserve balances is shown in Note 10 - Transfer to / from Earmarked Reserves below.

Usable Reserves

The level of the Council's usable reserves decreased, net, by £9.6m in 2023/24 from £137.3m to £127.7m. The General Fund Reserve remained unchanged at £6.5m (2.7% of net expenditure budget excluding schools). The chart below shows the level of reserves since 2019/20, showing those reserves that cover risk areas, are enabling in their purpose, assist with smoothing expenditure, the General Fund Reserve, Schools reserves and other reserves.



The chart above shows that the overall position in relation to usable reserves increased sharply between 2019/20 and 2021/22, before a reduction in 2022/23 and a further reduction in 2023/24. There was a 40% increase in 2021/22 alone, and then a 9% decrease in 2022/23, followed by a 7% decrease in 2023/24. It should be noted that this overall reduction was largely anticipated, despite the fact that an overall revenue under spend resulted in both of the last two financial years. This is because there was the planned use of large reserves in relation to,

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for example, the capital programme. School balances also reduced, in net terms, for the second consecutive, for the reasons outlined earlier in this report.

The reserves as at 31st March 2024 reflected the following:

- General Fund Reserve balance of £6.5m. This is a prudent reserve held to mitigate against the risk of unforeseen circumstances. It is established by the Council's Head of Finance and is ultimately the last line of defence once specific earmarked reserves and other contingencies have been utilised. It should be noted that this reserve represents less than 3% of the annual revenue budget, excluding schools, reinforcing the fact that it should only be used in a last resort situation.
- Adequate cover for the assessed risks identified by the Council – for example, known one-off risks such as legacy funding risks, self-insurance and investment risks.
- Good level of 'enabling' reserves to fund strategic/transformational programmes and fund other 'cost to change'/savings projects, and support the Council's Capital Programme.
- Smoothing reserves, in particular those relating to the ongoing costs of the two PFI schemes that the Council is involved in.

Unusable reserves

Also detailed on the balance sheet are unusable reserves which are non cash backed reserves which facilitate significant accounting adjustments to ensure there is no impact on the Council Tax payer during the year.

Impact of pension deficit on reserves

The Council participates in the Local Government Pension Scheme. Employees and employers contribute into the fund and, along with investment income and growth generated, the funds are used to pay its pension obligations. The Fund is valued every three years to assess if the assets are sufficient to fund its pension obligations, taking account of actuarial assumptions of members' life expectancy, investment returns, value of pensions paid out etc. The employer contribution rates were 22.2% of pay for 2023/24 and the average employee contribution rate was 6.31% of pay.

The Statement of Accounts for 2023/24 shows a net unfunded liability of £8.9m, reflecting a decrease of £87m on the 2022/23 net liabilities. This is due to an increase in the value of assets attributable to the pension fund, whilst there has also been a reduction in pension obligations over the last 12 months.

It should be noted that the fund is there for the long-term funding of pensions, and annual variations in actuarial assumptions can skew the presentation of figures quite significantly in any one year. This anticipated deficit on the pension scheme and its impact on the Council's overall reserves is also a long-term issue. Helpfully, the deficit and liability would not arise in any single year, and the deficit is being addressed through higher employee and employer contributions, as well as the pension scheme benefits being calculated differently, such as moving to using career average salaries as opposed to final salaries in defining the benefits received by members.

Further details on pension balances and transactions can be found in Notes 41-42.

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Provisions & Contingencies

Provisions are funds set aside on the balance sheet to meet likely liabilities. An assessment is made each year on the level of the risks and, if any, what new issues/risks have arisen and require sums to be identified and set aside.

Following an assessment of risks potentially facing the Council, total short-term provisions decreased by a net £5.7m to £5.2m. The decrease, is due to a reduction in the accumulated absences provision, reflecting a decreased level of untaken annual leave as at 31 March 2024 and the use of two other provisions. Long-term provisions have increased by a net £768k, to £7.2m, from a £500k net use of the Landfill Capping Provision and a new £1.3m provision for Imperial Park.

Additionally, the Council makes provision for a proportion of the debts it raises not being paid. This is calculated based on historic recovery levels and how long particular debts have remained outstanding. Combined for general debts, housing benefit and Council Tax. This provision has increased by £1.3m for 2023-24, mainly due to an increase in provision for Social Services property charges.

In addition to provisions, a number of contingent liabilities are disclosed in the Statement of Accounts (Note 44). The distinction between a provision and contingent liability is around the uncertainty as to whether the event will occur and if so whether it can be suitably quantified. As such, no specific resources are attributed to affording contingent liabilities (unlike provisions) and the Council would use its annual resourcing and reserve balances should such pressures materialise.

Details of the movements of individual provisions and contingent liabilities are shown in Note 24 and 44 respectively.

4. Financial Outlook

The budget setting process for 2024/25 was another challenging process, as in previous years, largely due to the continued increasing demand for services and high inflation costs in areas such as employee pay. Because of this, a gross budget gap of circa £30m was identified, requiring, once again, significant action and difficult decisions to be taken in order to produce a balanced budget. The final funding settlement from Welsh Government for 2024/25 confirmed that funding would increase by 5%, which was better than anticipated and previously indicated by Welsh Government, mainly due to data changes providing Newport with an increased share of the funding available. Such a settlement assisted in reducing the budget gap, however it was still necessary for a Council Tax increase of 8.5% to be implemented, alongside savings measures totalling £5.7m.

Examples of the demand and inflationary pressures that contributed towards the initial budget gap are outlined below:

- Pressures of nearly £10m in relation to schools, primarily due to an anticipated increase in staffing costs, the net effect of inflationary changes and pupil numbers.
- Nearly £4m of pay-related pressures in relation to non-schools services.
- Over £2m of demand pressure within Children's Services.
- Over £8m of non-pay related inflationary pressures in non-schools services, a large part of which related to the cost pressures of third party social care providers being passed on to the Council.

Despite the uplift in funding from Welsh Government, and the fact that the Council was ultimately able to balance its budget, there remains a significant amount of uncertainty over the medium term. Demand for services continues to remain high and, whilst inflation levels appear to have settled, prices remain high and the pressure

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for higher pay awards remains. In addition, there is the strong possibility that funding settlements could become more challenging over the next few years, which could require difficult decisions to be taken, even if inflation continues to remain at current levels.

The published medium term financial plan reflects a projected budget gap of £38.3m. This is after assuming a Council Tax increase of 4%, in line with the base assumption, and a core funding settlement increase of 0%. This projected budget gap is significant, and it will be especially challenging to deliver a balanced budget, when considering the level of savings already identified over recent years and the requirement to maintain service delivery in line with statutory requirements. In addition, there is the possibility that further pressures will be identified during 2024/25 and add to the overall budget gap.

Heading into the medium term, there is a greater possibility that overall overspends could emerge, considering the reducing level of contingency contained within the Council's budget, particularly that provided by the Capital Financing budget, which was increased in 2021/22 and hasn't been required in full to date. However, as the Capital Programme is delivered, it is expected that this unofficial contingency will diminish and the level of mitigation against demand increases, in particular, will reduce. Therefore, it will be necessary for the Council to exercise caution in managing its finances, to ensure that any new pressures, such as higher than anticipated pay awards, can be managed within the funding available.

In addition to the revenue budget, there are also challenges to be managed in relation to the capital programme. Whilst the Council holds a reasonable amount of uncommitted capital headroom, the demand for capital resources remains high, especially in relation to asset maintenance backlogs for buildings and highways. Therefore, only the highest priority schemes can be afforded from the headroom, meaning that the Council is heavily reliant upon other funding sources in order to be able to commit to other new schemes. The most likely source of this funding is external grants, although sources such as capital receipts and Section 106 monies provide an alternative option. Schemes already approved will also need to ensure they are delivered in line with agreed profiles, to ensure that any external borrowing required by the Council is only undertaken when absolutely needed.

Statement of Responsibilities

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The Council's Responsibilities

The Council is required to:

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

The Head of Finance's Responsibility

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Head of Finance has also:

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

Head of Finance Certificate

I certify that the Statement of Accounts set out in pages 22 – 116 Give a true and fair view of the financial position of Newport City Council and Newport City Group at 31 March 2024 and its income and expenditure for the year end 31 March 2024.

Signed	
Head of Finance (Section 151 Officer)	Chair of Governance & Audit Committee

Annual Governance Statement

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Independent Auditor's Report to the Members of Newport City Council

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Expenditure and Funding Analysis

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Newport City Council

The Expenditure and Funding Analysis (EFA) is a key note to the main financial statements. It demonstrates how the funding available to the council (i.e. Council Tax, Business Rates and Central Government grants) has been used in providing services in comparison with those resources consumed or earned in accordance with Generally Accepted Accounting Practices (e.g. adjustments made for depreciation, revenue afforded impairment costs etc). It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Corporate Services include the services areas Finance, People, Policy and Transformation and Law and Regulation. The 2022/23 accounts have been restated to reflect the changes in the Council's department structure, there have been no changes to the surplus or deficit of funds.

	Net Expenditure Chargeable to the General Fund	Adjustments between the funding and accounting basis	Net expenditure in the CIES
	£'000	£'000	£'000
2023/24			
Childrens Services	32,062	885	32,946
Adult Services	67,690	(498)	67,192
Prevention & Inclusion	630	1,879	2,509
Corporate Services	26,372	2,242	28,614
Housing & Communities	10,673	(1,152)	9,520
Environment & Public Protection	16,244	3,774	20,018
Infrastructure	15,222	13,955	29,177
Regeneration & Economic Development	6,449	3,378	9,828
Education	17,456	2,768	20,225
Schools	129,127	19,266	148,393
Other Non Department Costs	20,509	(16,397)	4,112
Net Cost of Service	342,434	30,101	372,534
Other Income and Expenditure	(351,738)	(27,079)	(378,817)
(Surplus) or Deficit	(9,304)	3,022	(6,282)
Opening General Fund as at 31 March 2023	(6,500)		
(Surplus) / Deficit on the General Fund	-		
Transfer between Earmarked reserve and general funds	-		
Closing General Fund as at 31 March 2024	(6,500)		

	Net Expenditure Chargeable to the General Fund	Adjustments between the funding and accounting basis	Net expenditure in the CIES
	£'000	£'000	£'000
2022/23			
Childrens Services	30,481	3,964	34,445
Adult Services	57,896	5,219	63,115
Prevention & Inclusion	583	2,548	3,131
Corporate Services	24,715	5,903	30,618
Housing & Communities	6,590	2,059	8,649
Environment & Public Protection	15,134	6,911	22,045
Infrastructure	13,820	14,219	28,039
Regeneration & Economic Development	5,763	4,826	10,589
Education	15,867	4,505	20,372
Schools	122,267	16,008	138,275
Other Non Department Costs	18,004	(14,557)	3,447
Net Cost of Service	311,120	51,605	362,725
Other Income and Expenditure	(318,136)	(29,203)	(347,339)
(Surplus) or Deficit	(7,016)	22,402	15,386
Opening General Fund as at 31 March 2022	(6,500)		
(Surplus) / Deficit on the General Fund	-		
Transfer between Earmarked reserve and general funds	-		
Closing General Fund as at 31 March 2023	(6,500)		

Movement in Reserves Statement

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This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves.

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

	Council Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at the 31 Mar 2022 carried forward	(6,500)	(135,962)	(9,390)	(151,852)	98,346	(53,506)
Movement in reserves during 2022/23						
(Surplus) / deficit on the provision of services	15,386	-	-	15,386	-	15,386
Other comprehensive Income and Expenditure	-	-	-	-	(361,161)	(361,161)
Total Comprehensive Income and Expenditure	15,386	-	-	15,386	(361,161)	(345,775)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(406)	-	(440)	(846)	846	-
Net Increase / Decrease before Transfers to Earmarked Reserves	14,980	-	(440)	14,536	(360,315)	(345,775)
Transfer to/ from Earmarked Reserves (Note 10)	(14,980)	14,980	-	-	-	-
(Increase) / Decrease in 2022/23	-	14,980	(440)	14,536	(360,315)	(345,777)
Balance at the 31 Mar 2023 carried forward	(6,500)	(120,981)	(9,830)	(137,312)	(261,969)	(399,282)
Balance at the 31 Mar 2023 carried forward	(6,500)	(120,981)	(9,830)	(137,312)	(261,969)	(399,282)
Movement in reserves during 2023/24						
(Surplus) / deficit on the provision of services	(6,282)	-	-	(6,282)	-	(6,282)
Other comprehensive Income and Expenditure	-	-	-	-	(108,838)	(108,838)
Total Comprehensive Income and Expenditure	(6,282)	-	-	(6,282)	(108,838)	(115,120)
Adjustments between accounting basis and funding basis under regulations (Note 9)	12,911	-	2,977	15,888	(15,888)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	6,629	-	2,977	9,606	(124,726)	(115,120)
Transfer to/ from Earmarked Reserves (Note 10)	(6,629)	6,629	-	-	-	-
(Increase) / Decrease in 2023/24	-	6,629	2,977	9,606	(124,726)	(115,120)
Balance at the 31 Mar 2024 carried forward	(6,500)	(114,352)	(6,853)	(127,706)	(386,696)	(514,402)

Balance Sheet

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Newport City Council

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

31-Mar-23 £'000		Notes	31-Mar-24 £'000
436,285	Property, Plant and Equipment	14	472,651
147,456	Property, Plant and Equipment - Infrastructure	14	155,681
19,451	Heritage Assets	16	19,739
15,812	Investment Property	17	15,816
11,530	Long Term Investments	18	11,381
27,494	Long Term Debtors	18	27,518
658,028	Long Term Assets		702,786
20,294	Short Term Investments	18	433
314	Assets Held for Sale	22	323
319	Inventories	19	322
77,172	Short Term Debtors	20	85,952
176	Deferred Tax Asset	18	176
23,760	Cash and Cash Equivalents	21	13,223
122,035	Current Assets		100,429
(3,325)	Bank Overdraft		(18,415)
(5,012)	Short Term Borrowing	18	(45,149)
(65,874)	Short Term Creditors	23	(55,009)
(10,885)	Short Term Provisions	24	(5,187)
(2,255)	Other Short Term Liabilities	18	(2,257)
(87,351)	Current Liabilities		(126,017)
(22,236)	Long Term Creditors	18	(22,210)
(6,460)	Long Term Provisions	24	(7,228)
(132,156)	Long Term Borrowing	18	(90,463)
(96,144)	Pension Liability	26	(8,911)
(36,433)	Other Long Term Liabilities	18	(33,985)
(293,430)	Long Term Liabilities		(162,797)
399,282	Net Assets / Liabilities		514,401
(137,312)	Usable Reserves	25	(127,705)
(261,970)	Unusable Reserves	26	(386,696)
(399,282)	Total Reserves		(514,401)

Cash Flow Statement

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Newport City Council

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2022/23		Note	2023/24
£'000			£'000
15,386	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		(6,282)
(65,201)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(24,632)
18,319	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	27	19,387
<u>(31,496)</u>	Net cash flows from Operating Activities		<u>(11,527)</u>
10,452	Investing Activities	28	33,150
6,365	Financing Activities	29	4,004
<u>(14,679)</u>	Net (increase) or decrease in cash and cash equivalents		<u>25,627</u>
5,756	Cash and cash equivalents at the beginning of the reporting period	21	20,435
<u>20,435</u>	Cash and cash equivalents at the end of the reporting period	21	<u>(5,192)</u>

Notes to the Statement of Accounts

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Newport City Council

1 ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, and in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and is supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Discontinued Operations

Discontinued operations arise where an activity has permanently ceased; terminates during the period or within three months of the period end; has a material impact on the Council's service provision or on the Council's net

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expenditure; and the operation has clearly defined assets, liabilities, income and expenditure on operations for operational and financial reporting purposes.

Exceptional Items

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

Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors

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

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

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

Charges to Revenue for Non-Current Assets

Service revenue accounts and central support services are debited with the following amounts to recognise the real cost of holding non-current assets during the year:

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

The Council is not required to raise council tax to cover these charges but instead has to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This charge is known as the minimum revenue provision (MRP) and is calculated in accordance with an annual MRP policy approved by the Council.

Depreciation, impairment losses and amortisations are therefore replaced by the MRP in the Movement of Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves

Notes to the Statement of Accounts

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Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pension on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Torfaen County Borough Council.

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

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

The Local Government Pension Scheme

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

- The liabilities of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions around areas such as mortality rates and employee turnover rates, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).
- The assets of the Torfaen County Borough (Greater Gwent) pension fund attributable to the Council are included in the Balance Sheet at their bid value.
 - Equity securities – quoted prices in active markets
 - Real Estate, investment funds and unit trusts, cash & cash equivalents = quoted prices not in active markets
- The change in the net pensions liability is analysed into the following components:

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Service Costs

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- **net interest on the net defined benefit liability (asset)** - the net interest expense for the Council – 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 benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

- **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Contributions paid to the Torfaen County Borough (Greater Gwent) pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

Full pensions details are included in Notes 41 and 42.

Events after the Balance Sheet Date

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

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

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

Fair Value Measurement

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

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Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI), held as a long-term investment.

The Council has made an irrevocable election to designate one of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The asset was transferred to the new asset category on 1 April 2018.

The asset is initially measured and carried at fair value.

The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted previously for the asset which was classified in the Transport Realisation account. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income. Capital Grants are reversed out to the capital adjustment account as expenditure is incurred. Grants or contributions requiring return if conditions are not satisfied, are held on the balance sheet within creditors until the conditions are met at which point they are recognised in the Comprehensive Income and Expenditure Statement.

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Agency Expenditure & Income

Welsh Government can periodically use Councils' administrative mechanisms to distribute resourcing to the electorate or particular business sectors as an alternative to making their own direct payment arrangements. Such measures are known as agency arrangements.

Welsh Government have adopted an accounting treatment that means Grants payable or paid are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. However, there can often be a lag in Councils receiving such resourcing that extends over the year end and the Council is not obligated to make any such payments to the electorate in advance of such receipts.

The Council will receive award letter correspondence about any prospective agency requests which should necessitate agreement through the signed acceptance to any terms and conditions and so has reasonable assurance that the grant involved will be received. So where any agency grant has not physically been paid before the year end but the Council has agreed to the terms and conditions, the Council will adopt a debtor and equivalent creditor presentation in the year of signed acceptance for the funding.

Tangible and Intangible Heritage Assets

(described in this summary of significant accounting policies as heritage assets)

The Council's Heritage Assets are held in a number of collections in varying locations across the Council. The Council holds collections of heritage assets in order to increase the knowledge, understanding and appreciation of the history and culture of the Council's local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows.

Museum Collection

The Museum collection includes paintings (both oil and watercolour) and lithographs which are reported in the Balance Sheet at market value. The collection is generally re-valued every five years by the most appropriately deemed method. On occasion assets will be re-valued outside of this where they are loaned to other organisations. The assets within the collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets for the assets using the most relevant and recent information from sales at auctions.

Library Collection

The Central Library is home to a special book collection, which is reported in the Balance Sheet at market value. The collection is generally re-valued every five years by the most appropriately deemed method. The assets within the collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static, with acquisitions and donations very rare. Where they do occur acquisitions are recognised at cost and donations are recognised at a valuation made with reference to appropriate commercial markets.

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Tredegar House – Property and Contents

Tredegar House is a 17th century Charles II mansion and grounds which is leased to the National Trust to manage and maintain and does not appear on the Council's balance sheet.

Conversely the contents of the property include paintings, furniture and other artefacts of the time period remain in the ownership of the Council. These items are reported in the balance sheet at insurance value which is based on market values. These insurance valuations will generally be updated every five years in line with other heritage asset considerations. The artefacts within the collection are considered to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static, with acquisitions and donations very rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the museum's curators in accordance with the Council's policy on valuations of art collections.

Public Art and Features

The Council holds a large number of public art features, such as murals and statues, on public display throughout the local area. These are reported in the Balance Sheet at market value. The collection is re-valued every five years by the Council's internal experts based on anticipated replacement costs of the art, which is considered to closely represent their market value. The assets within the Public Art collection are deemed to have indeterminate lives, and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation, with valuations made with reference to appropriate commercial markets.

Archaeology

The Council does not consider that reliable cost information can be obtained for the items held within its archaeological collection. This is because of the diverse nature of the assets held and the lack of comparable market values. Consequently, the Council does not generally recognise these assets on the balance sheet. However, where specific costs can be identified, these will be capitalised, for example the freeze drying requirements of the Newport Ship. Depreciation on these items is considered on a case by case basis. The Council's acquisitions principally relate to the ancient ship discovered in the early 1990's. The Council does not normally make any purchases of archaeological items.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for these assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see impairment note in this summary of significant accounting policies.

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the Statement of Accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see later notes in this summary of significant accounting policies).

Interest in Companies and Other Entities

The Council has considered the status of its relationships with its partner organisations and where not material these interests in other companies and entities are shown in a disclosure note in the notes to the Statement of Accounts. Newport Transport Ltd are consolidated with Newport City Council's statements in the group accounts.

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Inventories and Long Term Contracts

The value of stocks at the year-end is recorded in the Statement of Accounts at historical cost. This valuation is not in accordance with IAS2 or the Code of Practice, which requires the value to be stated as the lower of cost and net realisable value (NRV). Any difference between cost and NRV is considered to be negligible and historical cost has been used for all valuations.

Investment Property

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

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

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

Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements undertaken by the Council in conjunction with other ventures that make use of its assets and resources. Joint Committees are examples of Jointly Controlled Operations. Where material, the relevant proportion of the transactions and balances for Joint Committees are included within the Council's Financial Statements. These reflect the transactions and balances as per the draft accounts prepared for each Joint Committee.

A joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the

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minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council utilises external care home facilities to support its customers' needs. In most instances occupancy is relatively small. However, there are two homes of 4 and 6 beds where occupancy is significant. Notwithstanding this, the valuation of these two properties is small compared to the total PPE asset base and therefore is not included in the figures shown in Note 14.

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and

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- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

Overhead and Support Service

The costs of overheads and support services are no longer charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Code of Practice. The Statement of Accounts are now disclosed as per the management reporting structure of the Council. The overheads are now reported against where the budget for that spend is sat.

Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council maintains a de minimis cost of £10,000 for any asset to be capitalised. However, where groups of assets e.g. PCs are purchased individually fall below the de minimis level, these will be considered for capitalisation as a group of assets on a case by case basis.

Where the acquisition or creation of IT systems incorporates both physical hardware and licences to use the system, judgement is made as to whether this will be classified wholly as Property, Plant and Equipment or Intangible Assets, as per the CIPFA Code of Practice on Local Council Accounting.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

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- Land and buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- Non-specialised operational properties – existing use value (EUV);
- Specialised operational properties (such as schools) – depreciated replacement cost (DRC);
- Vehicles, plant and equipment – depreciated historical cost as a proxy for current value on materiality grounds;
- Infrastructure assets – depreciated historical cost or nominal value if unavailable;
- Community assets – historic cost where available, or existing use value (EUV);
- Assets under construction – historical cost; and
- Investment properties and surplus assets – fair value, estimated at highest and best use from a market participant's perspective.

Assets are included in the balance sheet at current value and are re-valued where there have been material changes in the value, but as a minimum every five years. When Assets under Construction are completed, they are valued at the date of completion in line with the appropriate valuation method for the asset type. Valuations are on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. Consequently, these revisions exhibit no impact upon taxpayer funded services.

Valuations are undertaken through an agency arrangement by Newport Norse Ltd.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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Adopted roads built by developers are in many respects seen as donated assets. Whilst donated assets are required to be measured at fair value at recognition, infrastructure assets are measured initially at historical cost and subsequently at depreciated historical cost rather than fair value.

Impairment

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

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

- where there is a balance in the Revaluation Reserve the difference between the historic carrying value of the asset and its re-valued value is written off against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance the difference between the historic carrying amount of the asset and its re-valued value (impaired value) is written down against the relevant service line(s) in the Comprehensive income and Expenditure Account.

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

Depreciation

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

Depreciation is calculated on the following bases:

Asset	Policy	Life
Land	No depreciation charged	
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer
Infrastructure Assets	Straight line depreciation on estimated remaining life	10 to 60 years
Vehicles & Plant	Straight line depreciation on estimated remaining life or over the term of the lease in the case of assets acquired by finance leases	5 - 7 years
Computer Equipment	Straight line depreciation on estimated remaining life	Usually 5 years

No depreciation is charged in the year of acquisition or enhancement of an asset, and a full year's depreciation is charged in the year of disposal of a depreciating asset.

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.

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

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Componentisation

Assets purchased or re-valued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life. Where this is the case the asset will be 'componentised' and the differing parts will be depreciated over their respective useful lives.

However, property assets will only be componentised where the total asset value is £2.5m or greater. These assets are componentised into Buildings, Land, Mechanical and Electrical plant and Externals elements on revaluation.

Non-current Assets Held for Sale and Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Some asset sales, like vehicles, tend to be amalgamated when considering against the £10,000 de minimis capital receipt level. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

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Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where responsibility for making available the required property, plant and equipment needed to provide services passes to the contractor. The Council is deemed to control the services provided under its PFI schemes and as ownership of the property, plant and equipment passes to the Council at the end of the contract, the Council carries the assets used under the contracts within its own balance sheet as part of property, plant and equipment.

The recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by a liability for amounts due to the scheme operator to pay for the assets. Non-current assets recognised on the balance sheet are re-valued and depreciated in the same way as property, plant and equipment directly owned by the Council.

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

- Fair value of the services received during the year which recognises performance achieved – charged to the relevant service in the Income and Expenditure Account;
- Finance cost – an interest charge on the outstanding balance sheet liability, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Contingent rent – an amount paid in respect of the property during the contract, charged to Financing and Investment Income and Expenditure in the Income and Expenditure Account;
- Payment toward liability – used to write down the balance sheet liability towards the operator;
- Lifecycle replacement costs – recognising elements of the assets require regular replacement and therefore charged to non-current assets on the balance sheet, or revenue as appropriate.

In the early years of such contracts this income exceeds the Council's net expenditure on these schemes. The Council has agreed that it will transfer any consequential Income and Expenditure surpluses arising from its PFI arrangements, together with any additional revenue provision deemed necessary to a PFI Reserve. The reserve funds are released in the later years of the contract when payments exceed available revenue support.

Provisions

Provisions are shown where a past event has placed the Council in a position where it has an obligation that is likely to lead to it incurring a cost. The precise timing and value of the cost may be unknown but can be reliably estimated.

Provisions are charged to the Comprehensive Income and Expenditure Statement to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement.

Estimates are reviewed at the end of each financial year and any changes are reflected within relevant service revenue accounts. When payments related to the obligation are eventually made they are charged to the provision set up in the Balance Sheet.

Contingent Assets / Liabilities

Contingent Assets and Liabilities are obligations or assets arising from past events where:

- The existence or value of the obligation is dependent on future events which are outside the control of the Council;
- It is not probable that a flow of economic benefits will be required to settle the obligation; and
- The obligation/contingent asset cannot be measured reliably.

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Contingent Liabilities and Assets are not recognised in the Balance Sheet but are disclosed in Notes 44 and 45. The disclosure sets out the scale of potential costs and likelihood of these being realised.

Reserves

The Council maintains a range of reserves, reflecting both the extent to which its assets exceed its liabilities and any restrictions (statutory or voluntary) which are placed upon the usage of these balances. The main unrestricted reserve used to hold available Council funds is the Council Fund. Expenditure to be financed from an earmarked reserve is initially shown as a cost in the Comprehensive Income and Expenditure Statement. An offsetting transfer is then recorded in the Movement in Reserves Statement to ensure that there is no impact on General Fund or Council Tax.

Council Fund Balance: The Council holds a Council Fund Balance to meet future funding requirements and as a hedge against any unforeseen financial losses. The adequacy of the level of this reserve is reviewed annually by the Chief Finance Officer as part of the Council's budget approval process.

Earmarked Reserves:

The Council has discretion to set aside specific amounts as reserves where they wish to earmark available funds for future policy purposes; to cover contingencies or manage cash flows. These are summarised in Note 10. The most significant reserve is the Southern Distributor Road PFI which will meet future liabilities over the lifetime of the PFI scheme.

Unusable Reserves:

A number of reserves exist to manage the accounting for non-current assets, financial instruments and employee benefits; these do not represent usable funds for the Council, these are explained in the relevant policies and notes and are classed as Unusable Reserves, found in Note 26.

Schools Accounting Policy

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not in the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

Value Added Tax (VAT)

Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the Council is not able to recover VAT on expenditure.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

IFRS 16 is a new International Financial Reporting Standard for lease accounting which came into force on 1 January 2019. It replaced the existing IAS 17 accounting standard.

CIPFA/LASAAC which governs local authority financial standards has deferred formal implementation date and Newport City Council will adopt IFRS 16 in April 2024.

The future effect of IFRS 16 will require local authorities that lease/rent assets to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. There is an exception for low value (£10k) and short life arrangements (1 year or less).

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Based on early work, it is currently anticipated that non-current assets, through the creation of on use assets would be increased by £49.0m, if it were applicable to the 2023-24 Accounts. This includes the impact of IFRS 16 on PFI schemes, of which the Council has two.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The Statement of Accounts can contain estimated figures, particularly where it is necessary to base costs and income on assumptions made by the Authority about the future or that are otherwise uncertain. So figure work can include an anticipation of future interest rates or inflation and are mitigated through techniques like discounted cash flows or internal rate of return. 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. For instance:

- The Government has made fundamental changes in respect of the provision of public sector pensions in recent years, and in 2021-22 the Council also absorbed the net Newport Transport pension liability for those staff still accessing Superannuation scheme. The LGPS triennial valuation continues to affirm the affordability of the scheme through its revision of current and future contribution rates.
- In line with accounting standards the Authority continues to make a significant provision in respect of final remedial work and future maintenance/monitoring of its major waste disposal site. Assumptions regarding remediation and aftercare costs have been based on legal requirements to monitor the site for a period of 60 years following closure and have been adjusted for the time value of money.
- From an asset point of view, schools remain the most significant class in the portfolio. The Council is required to report any material expenditure, income, assets and liabilities of schools within its primary statements. It may have to rely upon information derived from outside sources. Specific consideration has to be given as to whether the assets from which these schools operate meet the necessary criteria (in terms of access to services and control) to be recognised as Council assets under IAS16.
- In Newport's case it has been judged that faith schools (voluntary aided or controlled) which are not sited on Council land and over which it has no long term guarantees of availability do not meet the criteria for recognition as an asset under IAS16. This results in the exclusion of 9 schools from the Council's non-current assets.
- The Council's non-current assets valuation process involves a rolling programme of examination over a 5 year period. Consequently, it is necessary to consider whether any changes in valuation experienced in the current year are perceived to also have a bearing upon other classes of assets that weren't examined and their values also adjusted accordingly. The valuation process would also look to revalue any assets that the Council is aware where a material change has occurred.
- There remains a high degree of uncertainty about future levels of funding for local government. The Council's Accounts continue to be recorded on the basis of going concern.

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4 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 30th June 2024. Any events taking place after this date are not reflected in the statement of accounts or notes.

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Provisions	<p>The Council makes a number of provisions for liabilities that it may face where a reasonable estimate of value can be made.</p> <p>In most cases these are subject to legal claims such as Insurance claims and other items as disclosed in the provisions note. Provisions relating to landfill sites, due to their significant value and long life are subject to a high level of estimation of future liabilities, this is detailed further in the provisions note.</p>	<p>The provisions are based on information known at the Balance Sheet date and best estimates and professional internal and external advice is used to determine value and number of provisions. The outcomes of such issues will have an impact on the outturn of the Council in future years, however due to the uncertain nature of these events, these are difficult to quantify.</p>
Provisions in relation to Arrears of Debt	<p>At 31 March 2024, the Council had amounts it was owed for items such as sundry debtors, Council Tax, Non Domestic Rates (NDR) and rents. After taking into account trends in past collection experience and other relevant changes that may impact on collectability such as the economic climate, a level of impairment is assumed which may or may not be deemed to be sufficient.</p>	<p>Beneficial collection activity will improve the future reported outturn position, however where customers are finding it difficult to pay for Council services, this will require increases in the level of provisions currently set aside.</p>
Property, Plant and Equipment	<p>Assets are depreciated over their useful lives which are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Uncertainty about the actual useful life of an asset introduces potential volatility in depreciation charges over its life.</p>	<p>The importance of this is that if the useful life of assets is reduced, depreciation increases and the net carrying value of the assets falls. Such revisions are accounted for through the un-useable reserves section of the balance sheet to ultimately exhibit no impact upon taxpayer funded services.</p>

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<p>Fair value measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the senior external valuer).</p>	<p>The Council uses a selection of valuation methods to measure the fair value of its surplus assets, investment properties and financial assets and liabilities</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement particularly for the investment properties.</p>
<p>Valuation of operational property</p>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>Traditionally the Council undertakes a rolling 5 year valuation schedule to review and update the value of the assets held in the balance sheet. This process is managed by RICS qualified personnel through an agency contract. The valuations provided to the Council by its valuers this year recognises that there are factors continuing to affect economies and real estate markets globally.</p> <p>Given the length of time between valuations and the perceived impact of recent construction inflation changes upon replacement cost figures, this introduces an increased uncertainty as to gross book values reported. In order to mitigate this, a desk based exercise has been completed to revise property values affected by construction inflation annually until that asset receives its next formal RICS revaluation.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will tend to fluctuate based on changes in estimated current value.</p>

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Fair value measurement of investment property	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p>	<p>A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>

The Pensions actuary has provided a table of the variables and the estimated effect upon the fund from a change in current predictions:

Change in assumptions at 31 March 2024:	Approximate effect on liability (£000)	Approximate resultant % increase to Defined Benefit Obligation
0.1% decrease in Real Discount Rate	13,108	2%
1 year increase in member life expectancy	27,850	4%
0.1% increase in the Salary Increase Rate	1,374	0%
0.1% increase in the Pension Increase Rate (CPI)	11,970	2%
<p><i>Source: Actuarial Report for NCC 31st March 2024</i></p>		

In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme obligations at the accounting date on varying bases to derive an average. The approach taken is consistent with that adopted to derive the accounting figures provided in their year-end report, based on the profile (average member ages, retirement ages etc.) of the Employer as at the date of the most recent valuation.

6 MATERIAL ITEMS OF INCOME AND EXPENSE

Information is material if omitting, misstating or obscuring it could be reasonably expected to alter the reader's decisions/opinion in respect of the financial statements. The Council has captured material transactions within the various notes, it does not consider that there are any other material items of income and / or expense that were incurred and / or received in the normal day to day provision of services.

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7 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	PFI	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at CIES amounts						
Childrens Services	1,171	(314)	28	-	-	885
Adult Services	566	(280)	2	-	(786)	(498)
Prevention & Inclusion	1,940	(168)	28	-	80	1,880
Corporate Services	1,711	(304)	(104)	-	939	2,242
Housing & Communities	(1,055)	(95)	(32)	-	29	(1,153)
Environment & Public Protection	2,961	(217)	7	-	1,023	3,774
Infrastructure	12,620	(104)	(115)	828	725	13,954
Regeneration & Economic Development	3,191	(93)	7	-	273	3,378
Education	3,102	(86)	(1,412)	692	473	2,769
Schools	18,103	(751)	-	-	1,915	19,266
Other Non Department Costs	(172)	(981)	-	(9,588)	(5,657)	(16,397)
Net Cost of Service	44,138	(3,393)	(1,591)	(8,068)	(987)	30,100
Other Income and Expenditure from Funding Analysis	(39,414)	4,487		5,696	2,152	(27,079)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	4,724	1,094	(1,591)	(2,371)	1,165	3,022

2022/23	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	PFI	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments from General Fund to arrive at CIES amounts						
Childrens Services	836	2,927	140	-	61	3,964
Adult Services	1,375	2,843	111	-	890	5,219
Prevention & Inclusion	923	1,505	115	-	5	2,548
Corporate Services	1,407	3,062	243	-	1,191	5,903
Housing & Communities	1,295	865	91	-	(192)	2,059
Environment & Public Protection	3,043	2,265	94	-	1,509	6,911
Infrastructure	11,619	988	143	808	661	14,219
Regeneration & Economic Development	3,951	892	6	-	(23)	4,826
Education	1,736	792	1,288	742	(53)	4,505
Schools	6,783	7,259	-	-	1,966	16,008
Other Non Department Costs	(38)	(1,086)	-	(9,442)	(3,991)	(14,557)
Net Cost of Service	32,930	22,312	2,231	(7,892)	2,024	51,605
Other Income and Expenditure from Funding Analysis	(42,990)	11,178	-	5,644	(3,035)	(29,203)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	(10,060)	33,490	2,231	(2,248)	(1,011)	22,402

Adjustments for Capital Purposes

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
 - a. Other operating expenditure – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets
 - b. Financing and investment income and expenditure – the statutory charges for capital financing such as Minimum Revenue Provision and other revenue contributions are deducted from other

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income and expenditure as these are not chargeable under generally accepted accounting practices

- c. Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Changes for Pension adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income
 - a. For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service cost
 - b. For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES

Adjustments for Accumulated Absences

- 3) Adjustments for accumulated absences – this column recognises when employees render the services which increase their entitlement to future paid absences. Accumulated paid absences are those that can be carried forward for use in future periods if the current period's entitlement are not used in full, such as carry forward of unused annual leave.

Other Adjustments

- 4) This column reflects any other differences between the amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payables / receivable to be recognised under statute:
 - a. For financing and investment income and expenditure the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts
 - b. The other differences that are recognised is any adjustment which is required to be completed to reconcile the reported outturn to Cabinet, to that which is it classified with the accounts. The adjustment of (£3,035k) under 'Other Non-Department Costs (Non service)' includes adjustments for Levies, Council Tax Reduction Scheme, reserve balances, minimum revenue provision, Private Finance Initiatives and any other income and expenditure.

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8 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2022/23	2023/24
	£'000	£'000
Expenditure		
Employee Benefits Expenses	252,284	235,500
Other Services Expenditure	267,018	285,456
Depreciation, Amortisation, Impairment	29,479	38,892
Interest Payments	21,683	15,466
Precepts and Levies	27,775	30,401
Loss on Disposal of assets	896	-
Total Expenditure	599,135	605,715
Income		
Gain on Disposal of assets	-	(142)
Fees, Charges and other service income	(32,993)	(36,840)
Interest and investment income	(1,568)	(3,289)
Income from Council tax and non-domestic rates	(137,879)	(143,113)
Government grants and contributions	(411,307)	(428,612)
Total Income	(583,749)	(611,997)
(Surplus) or Deficit on the Provision of Services	15,386	(6,282)

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9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	Council Fund Balance	Usable Reserves Capital Receipts Reserve	Movement in Unusable Reserves
2023/24	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:	12,073	-	(12,073)
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	(9,929)	-	9,929
Charges for depreciation and impairment of non-current assets	(34,316)	-	34,316
Revaluation losses on PPE & Assets Held for Sale	(4,731)	-	4,731
Movements in the fair value of Investment Properties & Assets held for sale	95	-	(95)
Capital grants and contributions applied	39,325	-	(39,325)
Revenue expenditure funded from capital under statute	(10,215)	-	10,215
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(87)	-	87
Cardiff City Region Aggregated Un-useable Reserves (NCC share)	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	22,002	-	(22,002)
Statutory provision for the financing of capital investment	10,959	-	(10,959)
Capital expenditure charged against the General Fund	11,043	-	(11,043)
Adjustments primarily involving the Capital Receipts Reserve:	248	2,977	(3,225)
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure statement	248	(248)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,225	(3,225)
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-
Use of Capital Receipts to fund Premium	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:	94	-	(94)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	94	-	(94)
Adjustments primarily involving the Pensions Reserve:	(1,094)	-	1,094
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(23,692)	-	23,692

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Employer's pensions contributions and direct payments to pensioners payable in the year	22,598	-	(22,598)
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Adjustment primarily involving the Accumulated Absences Account:	1,590	-	(1,590)
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Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,590	-	(1,590)
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TOTAL ADJUSTMENTS	12,911	2,977	(15,888)
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2022/23 Comparative figures

	Council Fund Balance	Usable Reserves Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:	34,782	-	(34,782)
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	20,040	-	(20,040)
Charges for depreciation and impairment of non-current assets	(33,252)	-	33,252
Revaluation losses on Property Plant and Equipment	3,827	-	(3,827)
Movements in the market value of Investment Properties	302	-	(302)
Capital grants and contributions applied	54,260	-	(54,260)
Revenue expenditure funded from capital under statute	(4,690)	-	4,690
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,531)	-	1,531
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	1,124	-	(1,124)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	14,742	-	(14,742)
Statutory provision for the financing of capital investment	10,645	-	(10,645)
Capital expenditure charged against the General Fund	4,097	-	(4,097)
Adjustments primarily involving the Capital Receipts Reserve:	440	(440)	-
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	440	(440)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-
Use of Capital Receipts to fund Premium	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:	91	-	(91)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	91	-	(91)
Adjustments primarily involving the Pensions Reserve:	(33,490)	-	33,490

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Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(54,509)	-	54,509
Employer's pensions contributions and direct payments to pensioners payable in the year	21,019	-	(21,019)
Adjustment primarily involving the Accumulated Absences Account:	(2,229)	-	2,229
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,229)	-	2,229
TOTAL ADJUSTMENTS	(406)	(440)	846

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10 TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund as balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure in 2023/24.

	Balance at 31-Mar-23	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-24
		Transfers Out	Transfers In	Transfers Out	Transfers In	
	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund	(6,500)					(6,500)
Balances held by schools for future use	(14,427)			2,002	(27)	(12,452)
<u>Risk Reserves</u>						
Music Service	(134)			1		(133)
Pay Reserve	(1,418)					(1,418)
Insurance Reserve	(1,755)			237		(1,518)
MMI Insurance Reserve	(602)					(602)
Education Achievement Service	(79)			79		-
Schools Redundancies	(1,585)		(153)	370		(1,368)
General Investment Risk Reserve	(2,676)	200		264	(453)	(2,665)
European Funding I2A & CFW	(1,640)			156	(192)	(1,676)
GEMS Redundancies	(78)					(78)
COVID Risk Reserve	(570)	420		151	(1)	-
MTFP Reserve	(7,817)		(1,949)	2,261		(7,505)
<u>Enabling Reserves</u>						
Capital Expenditure	(13,508)		(2,294)	880	(2)	(14,924)
Capital Grants Unapplied	(5,158)			6,537	(4,268)	(2,889)
Transformation Reserve	(7,391)	153		1,182		(6,056)
Super Connected Cities	(42)			42		-
School Works	(458)			200	(10)	(268)
School Reserve Other	(27)					(27)
Schools ICT Sustainability	(100)				(50)	(150)
Usable Capital Receipts	(9,830)			3,225	(248)	(6,853)
Feasibility Reserve	(134)				(20)	(154)
<u>Smoothing Reserves</u>						
Municipal Elections	-				(33)	(33)
Local Development Plan	(545)			30		(515)
Glan Usk PFI	(1,514)					(1,514)
Southern Distributor Road PFI	(39,439)			1,145		(38,294)
Building Control	(124)					(124)
Loan modification IFRS 9	(258)			244		(14)
Strategic Development Plan	(165)				(55)	(220)
Soft Loan interest equalisation reserve	(1,584)				(224)	(1,808)
<u>Other Reserves</u>						
Works of art	(21)					(21)
Theatre & Arts Centre	(232)					(232)
Environmental Health - Improve Air Quality	(49)					(49)

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	Balance at 31-Mar-23	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-24
		Transfers Out	Transfers In	Transfers Out	Transfers In	
	£'000	£'000	£'000	£'000	£'000	£'000
City Economic Development Reserve	(370)	90		115		(165)
Welsh Language Standards	(100)			55		(45)
Port Health	(20)					(20)
Financial System Upgrade	(437)			331		(106)
Events	(282)		(90)			(372)
Voluntary Sector Grants	(27)					(27)
IT Development	(53)			53		-
Joint Committee City Deal Reserve	(2,246)					(2,246)
Civil Parking Enforcement	(11)			11		-
Business Development Grants	(250)			19		(231)
Business Support	(81)					(81)
IT Infrastructure	(309)			201		(108)
PSB Contribution	(5)					(5)
COVID Reserve	(351)	180				(171)
Chief Education Grant	(2,208)			209	(50)	(2,049)
Home to School Transport	(314)		(509)	458		(365)
Housing Supply review	(16)					(16)
Cariad Casnewydd	(166)					(166)
Community Gardening Schemes	(180)			28		(152)
Market Arcade Owner contributions	(51)			51		-
Parks & Open Spaces	(2,090)			996		(1,094)
Discretionary Rate Relief	(900)			159		(741)
Domiciliary Care Service Capacity	(34)			34		-
Prior year Underspend	(5,066)	4,964			(5,433)	(5,535)
Communications Corporate Requirement	(232)			69		(163)
St Andrew's Primary	(152)			152		-
Residential Care Home Equalisation Reserve	(621)				(1,063)	(1,684)
Growing Space	(100)			50		(50)
Spring Gardens	(200)			200		-
Partnership funding from ABUHB	(57)					(57)
Future Levelling Up Bids	(38)			38		-
Cost of Living Support	(485)			105		(380)
Emergency Placements	-		(800)			(800)
Empty Homes	-		(159)		(59)	(218)
Transporter Bridge	-		(53)		(74)	(127)
Low Carbon Heat Reserve	-				(471)	(471)
Total	(137,312)	6,007	(6,007)	22,340	(12,733)	(127,705)

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Material reserves to note are:

- **Council fund** – Councils are required prudently to put a proportion of resourcing aside to assist with dealing with unexpected events and emergencies;
- **School reserves** - these are balances held by schools for their future use.
- **Capital Expenditure reserve** - established to fund specific capital schemes and risks included in the Capital Programme.
- **Transformation reserve** - established to enable funding of specific projects which demonstrate savings to the revenue budget within pay-back period of 3 years.
- **Usable capital receipts reserve** - holds proceeds from sale of property, plant and equipment, used to finance new capital expenditure.
- **Southern Distributor Road and Glan Usk PFI reserves** – the funding for these two projects were received from Welsh Government upfront, and is held in a reserve to pay the annual capital repayments to the contractor over the life of the project.
- **Medium Term Financial Plan (MTFP) reserve** – created to earmark resourcing for the support, facilitation and achievement of the Council's Medium Term Financial Plan.
- **Prior year underspend** - commonly any prior years underspend is attributed by members to further facilitate corporate/political priorities.

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11 OTHER OPERATING EXPENDITURE

31-Mar-23		31-Mar-24
£'000		£'000
	Precepts and levies:	
467	Community Councils	503
8,068	South Wales Fire Authority	9,242
755	Natural Resources Wales	868
18,486	Police and Crime Commissioner for Gwent	19,788
	Gains and Losses:	
(190)	(Gains) and Losses on assets held for sale	7
1,086	Loss / (Profit) on the disposal of non-current assets	(149)
<u>28,672</u>	Total	<u>30,259</u>

12 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

31-Mar-23		31-Mar-24
£'000		£'000
10,505	Interest Payable and similar charges	10,979
11,178	Pensions interest cost and expected return on pensions assets	4,487
(1,527)	Interest receivable and similar income	(2,707)
(41)	Income and expenditure in relation to investment properties and changes in their fair value	(582)
<u>20,115</u>	Total	<u>12,177</u>

13 TAXATION AND NON SPECIFIC GRANT INCOME

31-Mar-23		31-Mar-24
£'000		£'000
(83,924)	Council tax income	(92,405)
(53,954)	Non domestic rates	(50,707)
(211,663)	Non-ring fenced government grants	(238,816)
(46,585)	Capital grants and contributions	(39,325)
<u>(396,126)</u>	Total	<u>(421,253)</u>

National Non-Domestic Rates (NNDR)

The total rateable value for non-domestic rates was £143,204,321 at 31 March 2024 (£144,015,360 at 31 March 2023). The rate poundage for occupied properties was 53.5p per £ of rateable value (53.5p in 2022/23) with empty properties being charged at 53.5p (53.5p in 2022/23).

In 2023/24 Newport received £50.7m from the Welsh NNDR pool in support of its services (£53.94m – 2022/23).

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Local Taxation

	31-Mar-23 £'000	31-Mar-24 £'000
INCOME		
Council Taxes (net of Council Tax benefits)	(85,054)	(92,988)
Council Tax benefits	(12,440)	(13,255)
Total income	(97,494)	(106,243)
EXPENDITURE		
Precepts payable		
- Gwent Police Authority	18,486	19,788
- Community Councils	467	503
Newport Council Fund requirement	77,400	84,154
Council tax written off and provided for	1,130	582
Total expenditure	97,483	105,027
Net surplus for the year	(11)	(1,216)

Council Tax Requirement

	31-Mar-23 Dwellings Tax Base	31-Mar-24 Dwellings Tax Base
Total number of properties on valuation list	69,949	70,544
Adjusted as follows		
Less exempt properties @ 100%	1,855	1,359
Less Disabled Relief @96%	-	(577)
Less single discounts @ 25%	25,228	25,532
Less multiple discounts @ 50%	78	86
Band D conversion	(55)	-
Losses on collection	(981)	(1,232)
Tax Base	60,712	60,975
	£	£
Council tax requirement	96,352,889	104,443,468
Less payable to Gwent Police	(18,485,844)	(19,787,607)
Less payable to Community Councils	(466,661)	(502,434)
Net requirement Newport City Council	77,400,384	84,153,427
Band D tax for the year	1,280	1,388

This basic amount of £1,388.38 for a band D property (£1,279.68 in 2022/2023) is multiplied by the proportion specified for the particular band to give the individual amount due:

Band:	A	B	C	D	E	F	G	H	I
Multiplier:	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9

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14 PROPERTY, PLANT AND EQUIPMENT

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	386,939	26,960	314	4,422	59,229	477,863	70,140
Additions	28,186	4,786	1,269	-	24,089	58,330	35
Donations	-	-	-	-	-	-	-
Re-classifications	2,430	-	1,930	(4,407)	(11,787)	(11,834)	-
Revaluations	8,766	-	(2,680)	-	-	6,086	131
Impairments	(13,379)	(119)	-	-	-	(13,498)	(35)
Disposals	(28)	(3,093)	-	-	-	(3,121)	-
At 31 March 2024	412,914	28,534	833	15	71,531	513,826	70,271
Accumulated Depreciation							
At 1 April 2023	(26,897)	(14,210)	-	-	(471)	(41,578)	(26,296)
Depreciation Charge in Year	(14,633)	(3,115)	-	-	-	(17,748)	-
Re-classifications	(26)	-	-	-	-	(26)	-
Revaluation Impact	15,086	-	-	-	-	15,086	-
Disposals	6	3,085	-	-	-	3,091	-
At 31 March 2024	(26,464)	(14,240)	-	-	(471)	(41,175)	(26,296)
Net Book Value							
At 1 April 2023	360,042	12,750	314	4,422	58,758	436,285	43,844
At 31 March 2024	386,450	14,294	833	15	71,060	472,651	43,975

	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	361,185	35,250	252	6,424	26,161	429,271	69,579
Additions	11,275	2,623	250	1	33,301	47,450	5
Donations	-	-	-	-	-	-	-
Re-classifications	(3,865)	-	54	5,200	(233)	1,156	-
Revaluations	28,545	-	8	(7,202)	-	21,351	561
Impairments	(9,988)	(37)	(250)	(1)	-	(10,276)	(5)
Disposals	(213)	(10,876)	-	-	-	(11,089)	-
At 31 March 2023	386,939	26,960	314	4,422	59,229	477,863	70,140
Accumulated Depreciation							
At 1 April 2022	(16,815)	(21,684)	-	-	(14)	(38,513)	(24,511)
Depreciation Charge in Year	(13,595)	(3,402)	-	-	-	(16,997)	(1,785)
Re-classifications	2,762	-	-	-	(471)	2,291	-
Revaluation Impact	722	-	-	-	14	736	-
Disposals	29	10,876	-	-	-	10,905	-
At 31 March 2023	(26,897)	(14,210)	-	-	(471)	(41,578)	(26,296)
Net Book Value							
At 1 April 2022	344,370	13,566	252	6,424	26,147	390,758	45,068
At 31 March 2023	360,042	12,750	314	4,422	58,758	436,285	43,844

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The Council also has a number of schools located within the Newport area which are Voluntary Aided and Voluntary Controlled and which are not owned by the Council. Although these schools are recognised as located within the Council's boundary, they are not disclosed within the Balance Sheet as they are not Council owned assets.

Infrastructure Assets

	31-Mar-23	31-Mar-24
Net Book Value at 1 April	151,210	147,456
Additions	5,341	4,939
Disposals	(2,296)	-
Depreciation	(5,896)	(7,470)
Impairment	(728)	(1,282)
Other movements in Cost	(175)	12,038
Net Book Value at 31 March	147,456	155,681

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

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

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

Capital Commitments

The Council continued its programme of capital investment in 2022/23 to improve the infrastructure and facilities in Newport. Of this programme, the Council is contractually committed to carry out works as follows:

	31-Mar-23	31-Mar-24
	£'000	£'000
Adults & Community Services	-	-
Children & Young Peoples Services	381	8
Corporate	-	-
Education	19,584	12,948
Infrastructure	245	80
Regeneration & Economic Development	302	4,005
Environment & Public Protection	419	1,012
Prevention & Inclusion	5	5
Total	20,936	18,057

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is re-valued at least every five years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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	Other Land & buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	26,895	-	-	71,391	98,286
Valued at current value as at:						
31 March 2024	87,394	-	833	15	-	88,242
31 March 2023	16,663	-	-	-	-	16,663
31 March 2022	19,128	-	-	-	-	19,128
31 March 2021	288,602	-	-	-	-	288,602
31 March 2020	1,129	-	-	-	-	1,129
Total Cost or Valuation	412,916	26,895	833	15	71,391	512,051

Fair Value Measurement of Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2024 are as follows:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2024 £'000
Residential properties	-	-	-
Commercial units/Land	-	15	15
Total	-	15	15

Comparative figures as at 31 March 2023 were:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2023 £'000
Residential properties	-	3,807	3,807
Commercial units/Land	-	615	615
Total	-	4,422	4,422

There were no transfers between any of the levels during the year.

Significant Observable Inputs – Level 2: There are no assets included in Level 2.

Significant Unobservable Inputs – Level 3: The remainder of the residential properties and commercial units/land located in the area are measured using the best information available and using the Valuer's experience to make assumptions on how the market would assess the value of the asset. These are therefore categorised as Level 3 in the fair value hierarchy as significant unobservable inputs are used in determining the fair value measurement.

In estimating the fair value of the Council's surplus assets, the highest and best use of these assets has been considered. This is not necessarily the existing use and assumptions have been made to arrive at this assessment of value. However, from the list of relevant assets for 2023/24, there has been no change in the valuation techniques used during the year for surplus assets.

The fair value of the Council's surplus assets portfolio is measured annually at each reporting date. All valuations are carried out by an external Valuer, Newport Norse Ltd, in accordance with the methodologies and bases for

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estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation experts work closely with the Council's Finance Officers.

15 IMPAIRMENT LOSSES

Impairment losses and impairment reversals by class of assets are disclosed within the Property, Plant and Equipment balances consolidated in Note 14. The amounts are charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure dependent on the class of impairment.

During 2023/24 the Council has recognised the following impairment losses:

	31-Mar-23	31-Mar-24
	£'000	£'000
Land & Buildings	9,988	13,379
Community Assets	250	-
Infrastructure Assets	728	1,282
Vehicles Plant & Equipment	37	119
Heritage Assets	242	18
Surplus Assets	1	-
Total	11,246	14,798

16 HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the Council

	Museum & Library Collections	Tregar House & Park	Public Art & Features	Archaeolog y	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2023	13,800	2,480	3,057	114	19,451
Revaluations / Additions	285	21			306
Impairments		(18)	-	-	(18)
At 31 March 2024	14,085	2,483	3,057	114	19,739
Accumulated Depreciation	-	-	-	-	-
Write back depreciation	-	-	-	-	-
At 1 April 2023	-	-	-	-	-
Depreciation charge in year	-	-	-	-	-
At 31 March 2024	-	-	-	-	-
Net Book Value					
At 1 April 2023	13,800	2,480	3,057	114	19,451
At 31 March 2024	14,085	2,483	3,057	114	19,739

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	Museum & Library Collections	Tredegar House & Park	Public Art & Features	Archaeology	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2022	12,914	1,280	3,057	111	17,362
Revaluations / Additions	886	1,442	-	3	2,331
Impairments	-	(242)	-	-	(242)
At 31 March 2023	13,800	2,480	3,057	114	19,451
Accumulated Depreciation	-	-	-	-	-
Write back depreciation	-	-	-	-	-
At 1 April 2022	-	-	-	-	-
Depreciation charge in year	-	-	-	-	-
At 31 March 2023	-	-	-	-	-
Net Book Value					
At 1 April 2022	12,914	1,280	3,057	103	17,354
At 31 March 2023	13,800	2,480	3,057	114	19,451

Further information on the collections held

Museum Collection

The Council has developed its collection since 1888. The collection now illustrates the changing face of the South Wales rural and industrial landscape and includes donations from the Arts Council of Wales and the Contemporary Art Society for Wales.

Elements of the collection are regularly exhibited at the museum on a rotating basis. Key elements of the collection include:

- 19th and 20th century mainly British oil paintings, watercolours, drawings and prints with particular attention directed to topographical works relating to Newport. The collection represents the work of a large number of artists including James Flewitt Mullock, David Cox, Dame Laura Knight, Stanley Spencer, William Roberts, Merlyn Evans and William Russell Flint;
- Contemporary paintings by Welsh artists or artists living in Wales. These include works by Falcon Hildred, Harry Holland, Thomas Rathmell, Evan Charlton, Felicity Charlton, Ernest Zobole and Jack Crabtree;
- Contemporary prints including work by Patrick Caulfield, Derek Boshier, John McFarlane, Chris Orr, Terry Millington, Anthony Davies and Norman Ackroyd;
- Decorative arts including Staffordshire figures, commemorative ware and studio ceramics. These include the Iris and John Fox collection, the John Wait teapot collection and works by Jane Hamlyn, Lucie Rie, Nicholas Homoky, Geoffrey Swindell and Morgan Hall.

Library Local Studies Collection

The Local Studies Collection stored within the Central Library contains published and archival materials relating to the history, geography and literature of South East Wales. Key elements within the collection are:

- The Delaney Letters** – A collection of nine volumes of correspondence containing the bulk of the papers of Mary Delaney (1700-1788). Among the papers are a number by distinguished contemporaries; including three fine autograph letters signed by Mary's friend Jonathan Swift, one by her suitor John Wesley, two by

the Anglo Saxon scholar Elizabeth Elstob and one by the bluestocking Elizabeth Montagu. Also present is an autograph epitaph by Horace Walpole.

- B. Papers of Sir Charles Hanbury Williams (1702 – 1759)** – These comprise some eighteen volumes of Hanbury Williams’s secretarial letterbooks and original correspondence from his postings as Minister or Ambassador to Dresden Poland and Russia; plus his autograph “Journal begun at Berlin in June 1750”, two volumes of autograph verse, a volume containing twelve autograph letters to him by Horace Walpole (1744-45), as well as by Lord Chesterfield, Hardwicke and others.
- C. The Haines Collection** – A collection of over 2,000 books, pamphlets and manuscripts relating to Monmouthshire, compiled by William Haines and donated to the library by Sir Garrod Thomas in 1924.
- D. The Chartist Collection** – A collection of printed books, pamphlets and manuscripts relating to the uprising of 1839. The key element of the collection is the 25 volumes of original trial depositions.

Tredegar House & Park

Tredegar House is one of the best examples of a 17th century Charles II mansion in Britain. The contents of the property include paintings, furniture and other artefacts of the time period. From 16 March 2012 the property has been leased to the National Trust for Wales. Further information on the preservation and management of this property can be found on their website at <http://www.nationaltrust.org.uk>.

Public Arts & Fixtures

The Council holds a large number of public art features, such as murals and statues, on public display throughout the local area.

Archaeology

There are a number of archaeological sites within the Council area, and as a result, over the last 25 years this collection has substantially increased in size.

The archaeology collections of the Newport Museum and Art Gallery include:

- ❖ Prehistoric material from the old County of Gwent most notably the Severn Estuary;
- ❖ Roman material mostly from the Roman sites of Caerwent and Caerleon, Mill Street;
- ❖ Medieval material representing mostly castles and abbeys;
- ❖ Collections of local and non-local prehistoric flints; and
- ❖ Associated archive material.

In addition, some material originating from excavations carried out on historic monuments on behalf of the Welsh Office (CADW), and excavations prior to new developments is held – most significantly, the Newport Ship timbers and associated artefacts.

The management of the collections is overseen by the Museum and Art Gallery Manager. The Museum and Arts Gallery manager manages a small team of professional staff which curates the collections and monitors its wellbeing. A project to establish a full computerised inventory of the collections began in 2006 and encompasses all collections cared for by the Museums & Heritage Service. Completing the documentation plan remains an important goal for the museum, but due to staffing resourcing issues the timetable for completion has slipped drastically and it cannot be determined when it will be completed. This programme of work allows for improvements in storage conditions and highlights specific conservation needs of objects and collections. While the in-house focus is on preventive conservation measures which aim to stabilise an object’s condition, specialist active conservation treatment is out-sourced and generally sought before objects are displayed.

The Curatorial team are also responsible for all acquisitions and disposals of collections’ objects. Each potential acquisition is assessed against a number of criteria set out in the Museums Acquisitions and Disposals Policy and in some cases specifically approved by the Cabinet Member for Leisure and Culture. Most objects added

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to the collections are donated by individuals or organisations. Purchases are few and far between and are often carried out with grant aid from external bodies such as The Art Fund or the V&A Purchase Grant Fund. The disposal process follows ethical guidelines published by the Museums Association, an umbrella organisation for museums and museum professionals in the UK. It favours the transfer of objects to other organisations within the public domain.

17 INVESTMENT PROPERTIES

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

	31-Mar-23	31-Mar-24
	£'000	£'000
Balance at start of the year	12,530	15,812
Additions	3,401	-
Disposals	-	-
Net gains/ (losses) from fair value adjustments	131	95
Transfers:		
- to / from Assets Held for Sale	-	(82)
- to / from Assets Under Construction	(250)	(9)
Balance at end of the year	15,812	15,816

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

	31-Mar-23	31-Mar-24
	£'000	£'000
Rental income from investment property	(974)	(855)
Direct operating expenses arising from investment property	(58)	(164)
Net (gain) / loss	(1,032)	(1,019)

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

Fair Value Measurement of Investment Property

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2024 are as follows:

Fair Value Measurement of Investment Property

	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2024
	£'000	£'000	£'000
<i>Recurring fair value measurements using:</i>			
Office units	661	43	704
Commercial units	1,321	7,548	8,869
Cardiff City Region City Deal Investment Properties		6,243	6,243
Total	1,982	13,834	15,816

Comparative figures as at 31 March 2023 were:

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<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2023
	£'000	£'000	£'000
Office units	661	42	703
Commercial units	1,411	7,455	8,866
Cardiff City Region City Deal Investment Properties		6,243	6,243
Total	2,072	13,740	15,812

There were no transfers between any of the levels during the year.

Significant Observable Inputs – Level 2: The fair value for some of the commercial units has been based on an income approach in the current market, having regard to the passing rent being adopted and utilising comparable evidence of other similar lettings in close proximity where rent reviews are due. Where appropriate, rent has been capitalised in line with what the market is currently demanding, following research into appropriate yields and multipliers relevant to local conditions. The level of observable inputs is significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3: The office units and many of the commercial units in the local Council area are also based on rent information where it exists, but in the absence of comparable evidence for specific properties, having to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels and bad debt levels. These properties are therefore categorised as Level 3 in the fair value hierarchy as significant unobservable inputs are used to determine the measurements.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3:

	31-Mar-24 £'000	Valuation technique used to measure fair value	Unobservable inputs and Sensitivity
Office Units	43	Hardcore and Topslice*	Rental growth, Collection of rent, Discount rate, Basis of occupation
Commercial Units	7,548	Term and Reversion, Hardcore and Topslice	Rental growth, Special purchaser, Discount rate

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external valuer, Newport Norse Ltd, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuation experts work closely with the Council's finance officers.

*Term and Reversion and Hardcore and Topslice are form of valuation methods

Term and Reversion capitalises the rent received at an appropriate yield derived from comparables up until the next lease event; rent review or lease renewal. Then an ERV (Estimated Rental Value) is determined again from comparables and this is capitalised (usually at a slightly higher yield to reflect the risk of the uncertainty of the ERV) in perpetuity deferred for the amount of time until the next lease event. Both values are added together to give the whole capital value.

Hardcore and Topslice is an alternative method to using term and reversion. The 'Hardcore' or the rent received is capitalised in perpetuity at an appropriate yield. An ERV is assumed and the Hardcore is deducted from this figure to determine the 'Topslice'. This is then also capitalised in perpetuity at the same yield as the Hardcore and then deferred for the amount of time until the next lease event. Both values are added together to give the whole capital value.

18 FINANCIAL INSTRUMENTS

a) Financial Instruments – Classifications

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

Financial Liabilities

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

The Council's non-derivative financial liabilities held during the year measured at amortised cost comprised:

- Long-term loans from Public Works Loan Board and commercial lenders
- Short-term loans from other local authorities
- Any overdraft facility is also treated in a similar fashion to short term loans
- Finance leases detailed in Note 38
- Private Finance Initiative contracts detailed in Note 39
- Trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following classifications.

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising: Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:
 - Cash in hand,
 - Bank current and deposit accounts with Santander bank,
 - Loans to companies and individuals as detailed in the note
 - bonds issued by multilateral development banks and large companies,
 - Transferred debt from a number of local authorities as a result of local government reorganisation
 - trade receivables for goods and services provided.
- Fair value through profit and loss comprising:
 - Equity investments in Newport Transport Ltd

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b) Financial Instruments – Balances

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

Financial Assets	Non-Current		Current	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£'000	£'000	£'000	£'000
Financial assets at amortised cost:				
- Investments	10,543	10,394	20,294	433
- Debtors:				
- Financial assets held at contract amount	-	-	17,021	13,926
- Tredegar house lease premium	8,610	8,371	241	241
- Finance Leases	5,825	5,825		
- Other long-term debtors				
	13,059	12,155	-	-
- Accrued Interest	-	1,167	-	-
- Cash & Cash Equivalents	-	-	18,514	13,223
Amortised Cost Total	38,037	37,912	56,070	27,823
Financial assets at Fair Value through other comprehensive income - designated equity instrument	987	987	-	-
Total Financial Assets	39,024	38,899	56,070	27,823

Financial Liabilities	Non-Current		Current	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost:				
- Borrowing - Principle	132,156	90,463	4,406	43,811
- Borrowing - Accrued Interest	-	-	606	1,338
- Creditors*	22,236	22,210	38,478	23,287
- PFI & Lease liabilities	36,433	33,985	2,255	2,257
- Bank Overdraft			3,325	18,415
Total Financial Liabilities	190,825	146,658	49,070	89,108

*Current debtors excludes £66.2m of non-contractual current debtors that do not meet the definition of financial assets at amortised cost.

Current creditors excludes £25.9m of non-contractual current creditors that do not meet the definition of financial liabilities at amortised cost.

Deferred Tax Asset (Cardiff City Region City Deal)	31-Mar-23	31-Mar-24
	£'000	£'000
Deferred Tax Asset	176	176
Total Deferred Tax Asset	176	176

c) Financial Instruments – Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where

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liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

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

Financial instruments classified at amortised cost are carried in the Balance Sheet. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

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

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

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

d) Financial Assets - Fair Value

Fair values of the Council's financial assets is not significantly different to the amortised cost as recognised on the balance sheet.

e) Financial Liabilities - Fair Value

For the purpose of fair value calculations, short term borrowing is comprised of temporary loans and accrued interest and isn't subject to fair value consideration where as PWLB loans that involve equal instalment of principal repayments have been treated as a long term borrowing liability despite appreciating a short term repayment component.

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	Fair Value Level	Balance Sheet 31-Mar-23 £'000	Fair Value 31-Mar-23 £'000	Balance Sheet 31-Mar-24 £'000	Fair Value 31-Mar-24 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	93,090	85,915	104,532	97,330
Long-term LOBO loans	2	30,000	34,846	15,000	17,228
Other long-term loans	2	5,000	4,087	5,000	4,125
Long term interest free loans	2	8,336	7,709	9,456	9,097
Lease payables and PFI liabilities	3	36,433	48,635	33,985	47,315
Total		172,859	181,192	167,973	175,095
Liabilities for which fair value is not disclosed*		63,711		49,378	
Total Financial Liabilities		236,570		217,351	
Recorded on balance sheet as:					
Short-term creditors		38,478		23,287	
Long-term creditors		22,236		22,210	
Short-term borrowing		5,012		45,149	
Long-term borrowing		132,156		90,463	
Other short-term liabilities		2,255		2,257	
Other long-term liabilities		36,433		33,985	
Total Financial Liabilities		236,571		217,351	

* This predominantly reflects long term creditors and short-term financial liabilities including trade payables assumed to approximate to the carrying amount.

19 INVENTORIES

Inventories are purchased and used by the Council at historical cost. Work in progress is included at cost.

	31-Mar-23 £'000	31-Mar-24 £'000
Stocks		
Building Services	242	247
Leisure & Catering	7	8
Museum Shop	-	-
Printing/Stationery	9	5
Social enterprise (Monwel Hankinson)	14	18
Social Services	47	44
	319	322

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20 SHORT TERM DEBTORS

Short term debtors are shown in the Balance Sheet net of provisions for bad and doubtful debts:

	Restated					
	31-Mar-23			31-Mar-24		
	Gross	Provision	Net	Gross	Provision	Net
	£'000	£'000	£'000	£'000	£'000	£'000
General	23,385	(6,364)	17,021	21,444	(7,519)	13,925
Council tax payers	10,795	(7,156)	3,639	11,627	(7,338)	4,289
NHS bodies	4,380	-	4,380	4,252	-	4,252
Central government bodies*	47,873	-	47,873	54,445	-	54,445
Other local authorities	4,259	-	4,259	9,041	-	9,041
	90,692	(13,520)	77,172	100,809	(14,857)	85,952

* Central government bodies debtors include grants issued by Welsh Government that were initially issued to other Local Authorities, who act as banking facilities, but relate to funds directly for Newport City Council.

21 CASH AND CASH EQUIVALENTS

The cash held by the Council represents petty cash balances held by numerous establishments throughout the Council and any credit bank balances that are not included within our "pooled account" with Santander.

The bank current accounts include un-cleared payments within the banking system. In practice, the treasury management policy of the Council is to maintain the pooled bank account balance as near to zero as possible to minimise interest charges on overdrawn balances and maximise interest earned by short-term lending of surplus funds. The actual pooled bank balance at the close of business on 31 March 2024 was £208k in credit, (31 March 2023 – £130k in credit).

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

	31-Mar-23	31-Mar-24
	£'000	£'000
Cash held by the authority	23,760	13,223
Bank Current accounts	(3,325)	(18,415)
Total Cash and Cash Equivalents	20,435	(5,192)

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22 ASSETS HELD FOR SALE

	31-Mar-23	31-Mar-24
	£'000	£'000
Assets at the start of the year	742	314
New Appropriations	9	-
Assets newly classified as held for sale:	-	-
Surplus Assets	-	-
Investment Properties	-	82
Property, Plant and Equipment	-	-
Revaluation losses	-	(7)
Revaluation gains	190	-
Assets declassified as held for sale:	-	-
to Property, Plant and Equipment	(367)	(10)
Community Land	-	-
to Surplus Assets	-	-
Assets sold	(260)	(56)
Assets at year-end	<u>314</u>	<u>323</u>

23 SHORT TERM CREDITORS

The following is an analysis of the short term creditors shown in the Balance Sheet:

	31-Mar-23	31-Mar-24
	£'000	£'000
General	(38,478)	(23,287)
Central government bodies	(13,282)	(20,497)
Prepayments of council tax	(1,604)	(1,625)
NHS bodies	(395)	(536)
Other local authorities	(12,115)	(9,064)
	<u>(65,874)</u>	<u>(55,009)</u>

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24 PROVISIONS

Provisions represent sums set aside for liabilities or losses which are likely to be incurred or certain to be incurred, but where the amount or timing of such liability is not certain. In the case of each of the provisions listed below, the amount of the liability and the timing of the resulting transfer of economic benefits are uncertain.

	31-Mar-23 £'000	Unused amounts reversed £'000	Amounts used £'000	Further provisions £'000	31-Mar-24 £'000
Current Provisions					
Accumulated absence provision	(5,187)	5,187	-	(3,597)	(3,597)
Insurance / MMI Provision	(1,306)	-	722	(854)	(1,438)
Energy Provision	(30)	-	-	-	(30)
Health & Safety Fine	(1,100)	-	1,100	-	-
Overpaid Court Fees reimbursement	(122)	-	-	-	(122)
Duffryn Heating System	(3,140)	-	3,140	-	-
	(10,885)	5,187	4,962	(4,451)	(5,187)
Long Term Provisions					
Landfill Capping	(6,189)	-	614	(107)	(5,682)
Imperial Park	-	-	-	(1,275)	(1,275)
Cardiff City Region	(271)	-	-	-	(271)
	(6,460)	-	614	(1,382)	(7,228)

Accumulated Absences	Accounting provision to recognise impact of accruing leave at the end of the year. No payment is made as employees have to take leave prior to leaving the Council. This is therefore not cash backed.
Insurance / MMI	Provision for known insurance claims which currently being made against the Council for a variety of incidents. These insurance claims have been assessed as having either a 'likely' or 'reasonable' chance of pay out.
Energy Provision	Estimated value of historic utility bills not yet invoiced by provider.
Health & Safety Fine	This Provision is in relation to a prosecution by the Health & Safety Executive for breaches of the Health & Safety at Work etc Act 1974.
Court Fees Reimbursement	The Council has received a receipt from HM Courts for the overpayment of court fees between period 2014-2018. Those fees would have been recharged to court attendees, so an exercise will be undertaken to trace individuals affected to make a reimbursement.
Duffryn Heating System	This Provision is for the liability for Newport Council's contribution towards repair and maintenance of the Duffryn heating system.
Landfill Capping	Provision to comply with recommended practice in respect of costs relating to the future capping of Landfill sites once they have been fully utilised. The estimation for the landfill provision is made up of two elements, the estimated cost of capping the site and the aftercare costs once the site has been capped. The Council undertakes a review of potential liability every 5 years, with the last being undertaken in 2021-22.

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Imperial Park	Value of land held in trust under a joint venture agreement. 50% of this value is owed to the Welsh Government.
City Deal Joint Venture	Reflects the provisions communicated by the 10 Authority regenerative partnership

In addition to the above the authority also has bad debt provisions in relation to Debtors, Council Tax and Housing Benefits. These are detailed separately within the specific notes.

25 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

26 UNUSABLE RESERVES

	31-Mar-23	31-Mar-24
	£'000	£'000
Revaluation Reserve	(221,569)	(234,628)
Capital Adjustment Account	(136,919)	(159,669)
Financial Instruments Adjustment Account	954	860
Deferred Capital Receipt Reserve	(21)	(21)
Financial Instruments Revaluation Reserve	(251)	(251)
Pensions Reserve	96,144	8,911
Accumulated Absence Account	5,187	3,597
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	(5,495)	(5,495)
	(261,970)	(386,696)

Revaluation Reserve

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

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation or;
- Disposed of and the gains are realised.

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

	31-Mar-23	31-Mar-24
	£'000	£'000
Balance at 1 April	(208,222)	(221,569)
Upward revaluation of assets	(26,937)	(33,118)
Downward revaluation of assets and impairment losses not charged to provision of services	6,324	12,607
Surplus or deficit on revaluation of non-current assets not charged to provision of services	(20,613)	(20,511)
Difference between fair value depreciation and historic cost depreciation	6,959	7,401
Accumulated gains on assets sold or scrapped	307	51
Amount written off to the Capital Adjustment Account	7,266	7,452
Balance at 31 March	(221,569)	(234,628)

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Capital Adjustment Account

The Capital Adjustment Account is predominantly an accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed. For example, the credit balance on the Account shows that an authority has generally financed capital investment in advance of receiving the benefits of that investment. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	31-Mar-23 £'000	31-Mar-24 £'000
Balance at 1 April	(95,989)	(136,914)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	33,252	34,316
Revaluation losses/gains on Property, Plant and Equipment	(3,827)	4,731
Amortisation of intangible assets	-	-
Revenue Expenditure Funded from Capital under Statute	4,690	10,215
Amount of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	1,531	87
	35,646	49,349
Adjusting amounts written out of the Revaluation Reserve	(7,267)	(7,452)
Net written out amount of the cost of non-current assets consumed in the year	28,379	41,897
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	-	(3,225)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Non REFCUS	(54,260)	(39,325)
Statutory provision for the financing of capital investment charged against the Council Fund balances	(10,645)	(10,959)
Capital expenditure charged against the Council Fund balance	(4,097)	(11,043)
	(69,002)	(64,552)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(113)	(95)
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	(189)	-
Movement of Cardiff City Region entries to explicit reserve	-	-
Balance at 31 March	(136,914)	(159,664)

Financial Instruments Adjustment Account

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

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance through the Movement in Reserves Statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on the Council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were

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redeemed. As a result, the balance on the account at the end of the year will be charged to the Council Fund over the next 38 years.

	31-Mar-23 £'000	31-Mar-24 £'000
Balance at 1 April	1,045	954
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(91)	(94)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(91)	(94)
Balance at 31 March	954	860

Deferred Capital Receipts Reserve

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

	31-Mar-23 £'000	31-Mar-24 £'000
Balance at 1 April	(21)	(21)
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	-	-
Transfer to Capital Receipts Reserve	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-
Balance at 31 March	(21)	(21)

Financial Instrument Revaluation Reserve

This reflects the Council's interest in Newport Transport Bus Company. There have been no changes / movements in value during 2023-24.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31-Mar-23 31-Mar-24

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	£'000	£'000
Balance at 1 April	403,201	96,144
Actuarial gains or losses on pensions assets and liabilities	(340,548)	(88,327)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	54,509	23,692
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,019)	(22,598)
Balance at 31 March	96,144	8,911

Accumulated Absences Reserve

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

	31-Mar-23 £'000	31-Mar-24 £'000
Balance at 1 April	2,958	5,187
Settlement or cancellation of accrual made at the end of the preceding year	(2,958)	(5,187)
Amounts accrued at the end of the current year	5,187	3,597
Movement of Cardiff City Region entries to explicit reserve	-	-
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,229	(1,590)
Balance at 31 March	5,187	3,597

Cardiff City Region City Deal Aggregated Unusable Reserves

Cardiff City Region is a 10 authority regenerative partnership administered by Cardiff County Council on behalf of the other Councils. The following balances have been extracted from the draft City Deal annual accounts reflective of Newport CC share. The accounts for 2023/24 have not been received in time for inclusion within the draft accounts, but will be incorporated when final accounts are published.

	31-Mar-23 £'000	31-Mar-24 £'000
Balance at 1 April	(4,371)	(5,495)
Capital adjustment account	(1,142)	-
Accumulated absences	(2)	-
Accumulated interest	20	-
Balance at 31 March	(5,495)	(5,495)

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27 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	31-Mar-23	31-Mar-24
	£'000	£'000
Interest received	(1,101)	(3,096)
Interest paid	11,149	9,637
	10,048	6,541

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	31-Mar-23	31-Mar-24
	£'000	£'000
Depreciation	(22,893)	(25,218)
Impairment and downward valuations	(6,532)	(13,829)
(Increase) / Decrease in creditors	(267)	7,892
Increase / (Decrease) in debtors	371	2,666
Increase / (Decrease) in stock	(713)	3
Pensions liability	(33,490)	(1,094)
Carrying amount of non-current assets sold	(1,531)	(87)
Other non cash adjustments	(146)	5,035
	(65,201)	(24,632)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	31-Mar-23	31-Mar-24
	£'000	£'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(36,000)	(19,861)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	440	248
Any other items for which the cash effects are investing or financing cash flows	53,879	39,000
Net cash flows from operating activities	18,319	19,387

28 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	31-Mar-23	31-Mar-24
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	50,994	66,426
Purchase of short-term and long-term investments	11,083	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(440)	(248)
Other receipts from investing activities	(51,185)	(33,028)
Net cash flows from investing activities	10,452	33,150

29 CASH FLOW STATEMENT - FINANCING ACTIVITIES

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	31-Mar-23	31-Mar-24
	£'000	£'000
Cash receipts of short- and long-term borrowing	(4,612)	(29,058)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,426	2,448
Repayments of short- and long-term borrowing	8,551	30,614
Net cash flows from financing activities	6,365	4,004

30 MEMBERS' ALLOWANCES AND EXPENSES

All Councils are required to publish details of the amounts paid to elected Members each year. Information on the amounts actually paid to each Council Member is published on the Council's web site. The Council has 51 Members. The total allowances and expenses paid in the financial year was £1,187,829 (2022/23 – £1,099,022). All Members are entitled to the same basic allowance of £17,600 per annum (2022/23 - £16,800). Each Member holding the following positions are also paid additional responsibility allowances as detailed below:

	31-Mar-23	31-Mar-24
	£	£
Leader of the Council	39,900	41,800
Deputy Leader	22,890	23,980
Mayor	8,793	8,800
Deputy Mayor	3,740	3,740
Cabinet Member (x7)	17,220	18,040
Chair of Scrutiny Forum (x4)	8,793	8,800
Chair of Planning (x1)	8,793	8,800
Chair of Democratic Services (x1)	8,793	8,800
Chair of the Council (x1)	8,793	8,800
Opposition Leader	8,793	8,800

During the 2023/24 financial year, a total of 9 Lay (unelected) Members served for the Authority. These Lay Members claimed a total of £10,072.05 including both fees and expenses (2022/23: £8,802.21 claimed by nine Lay (unelected) Members) to sit on a number of committees.

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31 OFFICER REMUNERATION

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

2023 / 24 Post Holder Information	Salary/ Payment* £	Car Allowances & Mileage £	Termination Benefits £	Pensions contributions £	Total £
Chief Executive	149,436	-	-	33,175	182,611
Strategic Director - Environment & Sustainability **	114,391	-	-	22,904	137,295
Strategic Director - Social Services	114,391	-	-	25,395	139,786
Strategic Director - Transformation & Corporate Centre	114,391	-	-	25,395	139,786
Head of Education	91,289	106	-	20,266	111,661
Head of Law & Standards - (left 1st March 2024)	78,176	-	-	17,332	95,508
Interim Head of Law & Standards (appointed from 1st March 2024)	7,077	-	-	1,571	8,648
Head of Finance (Section 151 Officer)	91,289	157	-	20,266	111,712
Head of People, Policy & Transformation	89,116	7	-	19,784	108,907
Head of Regeneration & Economic Development	91,289	27	-	20,266	111,582
Head of Housing & Communities	86,983	-	-	19,310	106,294
Head of Environment & Public Protection	89,116	-	-	19,784	108,900
Head of Adult Services	89,116	-	-	19,784	108,900
Head of Children Services	89,116	-	-	19,784	108,900
Head of Prevention & Inclusion	89,116	10	-	19,784	108,910
Head of City Services	86,995	-	-	19,313	106,308
TOTAL	1,471,287	307	-	324,112	1,795,706

2022 / 23 Post Holder Information	Salary / Payment* £	Car Allowances & Mileage £	Termination benefits £	Pensions contributions £	Total £
Chief Executive	137,815	-	-	30,595	168,410
Strategic Director - Environment & Sustainability **	110,523	-	-	21,722	132,245
Strategic Director - Social Services	110,523	-	-	24,536	135,059
Strategic Director - Transformation & Corporate Centre	110,523	-	-	24,536	135,059
Head of Education	88,202	-	-	19,581	107,783
Head of Law & Standards (Post holder left the authority December 2022)	65,564	-	-	13,264	78,828
Head of Law & Standards (Post holder appointed in December 2022)	24,702	-	-	5,484	30,186
Head of Finance (Section 151 Officer)	88,202	-	-	19,581	107,783
Head of People, Policy & Transformation	83,277	-	-	18,487	101,764
Head of Regeneration & Economic Development	85,347	-	-	18,947	104,294
Head of Housing & Communities (Post holder appointed in October 2022)	40,582	-	-	9,009	49,591
Head of Environment & Public Protection	83,277	-	-	18,487	101,764
Head of Adult Services	83,886	-	-	18,623	102,509
Head of Children Services	83,277	-	-	18,487	101,764
Head of Prevention & Inclusion	83,239	-	-	18,479	101,718
Head of City Services - (Appointment made in May 2022)	73,445	-	-	16,305	89,750
TOTAL	1,352,384	-	-	296,123	1,648,507

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Note* There were no employees whose salary, excluding pension contributions, exceeded £150,000 per annum.

Note** Salary for the Strategic Director - Environment & Sustainability is recorded Gross. Included within this figure is the salary sacrificed for the purchase of a car £11,219 during 2023/24 (£12,675 during 2022/23).

In addition to the above the Chief Executive acts as the Returning Officer. During 2023/24 the Chief Executive received £0 for their role as the Authorities Returning Officer. (In 2022/23, the position received £10,073.16).

The ratio between the Council's highest paid employee and the median position for 2023/24 was 1:5.2 (2022/23 was 1:5.2). The median position for the Council for 2023/24 is £28,770 (2022/23 was £26,357). These figures do not include taxable expenses and benefits in kind as this is not likely to make a material difference to the ratios.

The Council's other employees, these exclude those posts mentioned in the previous table, receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts, the figures below include amounts that are paid to employees on redundancy.

	31-Mar-23		31-Mar-24	
	Schools	Non-Schools	Schools	Non-Schools
£155,000 - £159,999	1	-	-	-
£135,000 - £139,999	-	-	-	1
£130,000 - £134,999	-	-	2	-
£115,000 - £119,999	2	-	1	-
£110,000 - £114,999	1	-	2	1
£105,000 - £109,999	1	-	4	-
£100,000 - £104,999	3	-	3	1
£ 95,000 - £ 99,999	1	-	5	-
£ 90,000 - £ 94,999	2	1	5	-
£ 85,000 - £ 89,999	7	-	9	-
£ 80,000 - £ 84,999	8	-	12	-
£ 75,000 - £ 79,999	13	-	12	1
£ 70,000 - £ 74,999	15	1	22	-
£ 65,000 - £ 69,999	14	5	29	6
£ 60,000 - £ 64,999	36	11	40	20
Total	104	18	146	30

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32 TERMINATION BENEFITS

The Council completed exit packages of 79 employees in 2023/24, incurring liabilities of £1,265k (52 employees at £463k in 2022/23). All balances were payable to Council officers, as part of the Council's general services rationalisation and efficiencies programme.

The number of exit packages during 2023-24, with the total cost per band and the total cost of the compulsory redundancies and other exit packages are set out in the table below:

	Number of compulsory redundancies 31-Mar-24	Number of other departures agreed 31-Mar-24	Total number of exit packages 31-Mar-24	Total Cost of exit packages in each band 31-Mar-24 £
£0 - £20,000	1	56	57	323,945
£20,001 - £40,000	2	10	12	359,230
£40,001 - £60,000	-	6	6	299,420
£60,001 - £80,000	1	3	4	282,592
£80,001 - £100,000	-	-	-	-
£100,001 - £120,000	-	-	-	-
Total	4	75	79	1,265,187

	Number of compulsory redundancies 31-Mar-23	Number of other departures agreed 31-Mar-23	Total number of exit packages 31-Mar-23	Total Cost of exit packages in each band 31-Mar-23 £
£0 - £20,000	-	49	49	257,452
£20,001 - £40,000	-	1	1	36,000
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	1	1	60,542
£80,001 - £100,000	-	-	-	-
£100,001 - £120,000	-	1	1	109,116
Total	-	52	52	463,110

33 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and for any non-audit services provided by the Council's external auditors:

	31-Mar-23 £'000	31-Mar-24 £'000
Fees payable with regard to external audit of accounts	229	229
Fees payable in respect of local government measure	112	112
Fees payable for the certification of grant claims and returns for the year	60	60
Fees payable for other financial audit work	1	1
Total	402	402

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Newport City Council

34 GRANTS INCOME

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

	31-Mar-23 £'000	31-Mar-24 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	211,663	238,815
Other Non-ring fenced government grants		
Contribution from Non-Domestic Rate	53,954	50,707
Total	265,617	289,522
	31-Mar-23	31-Mar-24
	£'000	£'000
Credited to Services		
Education		
Grants		
Pupil Deprivation Grant	6,821	6,907
Education Improvement Grant	5,956	6,282
Post 16 Grant	8,398	8,270
Local Authority Education Grant	9,816	11,750
School 2 School Grant	2,743	2,664
Maintenance Grant	-	555
COVID19 Related Grants	1,893	-
Children and Communities	149	122
Ukraine Response Fund	246	-
Other	2,905	1,978
Contributions		
Gwent Music	214	-
Donations	426	634
Social Services		
Grants		
Children and Communities	9,888	10,697
Regional Integration Fund	-	4,382
Childcare Offer	9,038	3,304
Substance Misuse	6,337	7,372
COVID19 Related Grants	591	-
Sustainability Pressures	2,294	2,308
Section 28A funding	2,094	2,695
Unaccompanied Asylum-Seeking Children	1,725	2,491
Eliminating Profit	1,147	2,491
Radical Reform Grant	1,138	1,677
Regional, Domestic Violence	835	955
Youth Support	600	546
Promoting Independence	465	16
Workforce Development	415	385
Youth Justice Board	371	392
Regional Bid	-	364
All Wales Play Opportunities	335	-
Shared Prosperity Fund	-	430
Community Safety Fund	288	188
Ukraine Response Fund	3	298
Inspire to Achieve	45	-
Other	1,151	475
Contributions		
Intermediate Care Fund - now included as part Regional Integration Fund above	2,806	-

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Newport City Council

Substance Misuse	1,899	1,863
Home First - <i>now included as part Regional Integration Fund above</i>	1,768	-
Frailty	1,853	1,938
Children and Communities	83	-
Other	2,020	1,394
Donations	1	-
Environment & Sustainability		
Grants		
Housing Support	8,373	8,297
Shared Prosperity Fund	-	3,753
Concessionary fares	1,872	1,770
Homelessness Prevention Grant	1,471	429
Communities for Work	1,462	1,356
No One Left Out	-	1,722
Inspire to Achieve	779	-
COVID19 Related Grants	797	-
Sustainable Waste	716	728
Children and Communities	443	-
Project Gwyrdd Annuity	-	676
Assisting Communities Together	-	643
Adult Community Learning	369	403
Inspire to Work	286	-
Community Cohesion Grant	221	140
Ukraine Response Fund	99	234
Other	5,611	3,096
Contributions	2,399	714
Donations	4	8
Transformation & Corporate Services		
Grants		
Housing benefit administration	698	673
NNDR	317	338
Shared Prosperity Fund		163
Ukraine Response Fund	4	-
Other	692	295
Contributions	485	66
Donations	-	-
Non Revenue		
Grants		
Mandatory rent allowances	38,181	39,141
Discretionary Housing Payment	-	380
Other	74	406
	154,110	151,254

Notes to the Statement of Accounts

Statement of Accounts 2023/24

Newport City Council

35 AGENCY EXPENDITURE AND INCOME

The Council acted as an agent on behalf of the following in the provision of goods and services:

Non Domestic Rates collection.

A net creditor of (£7,091k) at 31 March 2024 (£176k at 31 March 2023) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government less than the amount collected from ratepayers.

The below table details the financial extent of each grant based agency scheme operated on behalf of Welsh Government.

2023-24

Grant scheme	Narrative	Amount Received in 2023/24	Amount Spent in 2023/24	Debtor 2023/24	Creditor 2023/24
		£'000	£'000	£'000	£'000
Ukraine Crisis Fund					
- Host Payments	£350 (increasing to £500 after 1 year) per month to hosts of Ukrainian family units	(61)	274	237	24
- Cash Payments	£200 payment to support individuals with essentials before universal credit is awarded	(1,600)	4,600	3,200	-
Cost of Living Support					
Energy Bills Support Scheme		(91,200)	91,200	-	-
Energy Bills Support Scheme - Additional Scheme		(30,200)	30,200	-	-
Non Domestic Rates Reliefs & Business Grants					
NDR rate relief grants	Additional funding given to LAs to provide the relief so essentially a grant to businesses. Relief given to retail, leisure and hospitality sector	(4,938)	4,938	-	-
Other Grants					
Creative Industry Cluster		(50,000)	50,000	-	-
Newport Live Legacy Grants		(753,848)	448,868	3,000	307,980

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2022-23

Grant scheme	Narrative	Amount Received in 2022/23 £'000	Amount Spent in 2022/23 £'000	Debtor 2022/23 £'000	Creditor 2022/23 £'000
Social Care					
Real Living Wage	To provide Local Authorities with funds to reimburse the employers of care workers that are eligible to receive the payment following the Welsh Government introducing the Real Living Wage for certain groups of Social Care workers.	-	4,460	4,458	1
Covid Hardship Grant					
SSP Enhancement	To top up to full salary where employees only receive statutory sick pay when off sick with Covid or having to self isolate as an infection control measure.	(77)	77	-	-
Self isolation payments	£500 for eligible individuals who have to self isolate.	(521)	521	-	-
Cost of Living Support					
Winter Fuel Support payment 21/22	A payment of up to £200 per eligible households to put towards their on-grid fuel bills.	(2)	2	-	-
Winter Fuel Grant 22/23	A payment of up to £200 per eligible households to put towards their on-grid fuel bills.	(3,350)	3,375	25	-
Carer Allowance Payments	to enable Local Authorities to administer and make payments to unpaid carers in receipt of Carers Allowance	(1,166)	1,166	-	-
Ukraine Crisis Fund					
- Host Payments	£350 paid per month to hosts of Ukrainian family units	(82)	171	89	-
- Cash Payments	£200 payment to support individuals with essentials before universal credit is awarded	(30)	36	6	-
Non Domestic Rates Reliefs & Business Grants					
NDR rate relief grants	Additional funding given to LAs to provide the relief so essentially a grant to businesses. Relief given to retail, leisure and hospitality sector	(3,649)	3,649	-	-

36 RELATED PARTIES

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

Welsh Government

The Welsh Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Grants received from government departments are set out in the analysis in Note 34.

Notes to the Statement of Accounts

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Other Public Bodies

Precepts and Levies – details of precepts collected on behalf of other organisations and an analysis of amounts levied on the Council by other bodies can be found in Note 11 to these accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in Note 30. During 2023/24, works and services to the value of £43.96m were commissioned from or paid to companies in which 26 Members had an interest. This would include Wastesavers Ltd, Newport Live, Newport Norse and Newport Transport as detailed below (2022/23: £29.6m where 24 Members had an interest). As at 31st March 2024, the balances outstanding for related parties were debtors of £963k (2022/23 £1.27m) and creditors of £3.72m (2022/23 £5.11m).

Newport Norse has invited one Member of the Council on the board in their capacity as an elected Member, not as a private individual. Financial information in relation to Newport Norse is disclosed in the table on the next page.

There were payments of £4.86m made to Waste Savers Ltd in 2023/24 (£3.2m in 2022/23). This company is independent from the Council. As at 31st March 2024, the balances outstanding for Wastesavers were debtors of £0 (£0k in 2022/23) and creditors of £384k (2022/23 £644k). There are no Members on the board of Wastesavers Ltd but, there is one Member of the Council on the board of Wastesavers Charitable Ltd, the parent company of Wastesavers Ltd. The council contract with the company for waste recycling services.

Newport City Council also made payments to Newport Live amounting to £3.85m in 2023/24 (2022/23 £841k), this is a company that has charitable status and is independent from the Council. The company has invited two Members of the Council on the board, in their capacity as elected Members, not private individuals. Newport Live is contracted by the Council to run its sport and leisure services. As at 31st March 2024, the balances outstanding for Newport Live were debtors of £25k (£37k in 2022/23) and creditors of 912k (2022/23 £1.2m). There were also Sundry debtors outstanding of £215k as at 31st March 2024.

Officers

There are a Senior Officers (Director of Corporate Services) who has been elected to the board of Newport Norse and NPS Newport Limited. No other Senior Officers hold any other positions of seniority within any other Public Sector body.

Entities Controlled or Significantly Influenced by the Council

Entities which are controlled or significantly influenced by the Council include two limited companies. The South East Wales Education Achievement Service Ltd and Newport Norse Ltd. The South East Wales Education Achievement Service Ltd is a company limited by guarantee, with the five Local Authorities in the Gwent area each being a member of the company. The objectives of the company are to provide services to the participating authorities in relation to their functions in the field of education and, subject to the participating authorities' unanimous prior approval, to other local authorities and other persons exercising functions in the field of education.

Newport Norse Ltd oversees the Council's property maintenance, estates, facilities management and capital projects design functions. Newport Norse and their subsidiary NPS Newport Limited, are Joint Venture Companies in which the Council has a 20% share and minority representation on the Board. The Council has a 50% "gain share" in the profits, which reduces the Council's service charge.

The Council has two pooled budget arrangements in the form of Section 33 Partnership Agreements between the five local authorities in the Gwent area and the Aneurin Bevan Local Health Board. The first of which is The

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Gwent Wide Integrated Community Equipment Service (GWICES) which is for the provision of an efficient and effective integrated community equipment service to users who are resident in the partner localities. This agreement came into effect on 1 October 2008.

The second is The Gwent Frailty Programme for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain “happily independent”. The Community Resource Teams (CRTs) provide integrated Urgent Response, Re-enablement and Falls services within each locality in line with agreed Locality Annual Commissioning Plans (LCPs).

The Council also participates in four joint ventures;

- Gwent Joint Records Committee which is the official archive service for the local authorities in the Monmouthshire area, the recognised place of deposit for public records and ecclesiastical parish records for the Diocese of Monmouth.
- The Greater Gwent Cremation Committee oversees the management of the Gwent Cremation facilities.
- The Project Gwyrdd is a partnership between, Caerphilly Borough County Council, The County Council of the City and County of Cardiff, Monmouthshire County Council, Newport Council and Vale of Glamorgan Council. This partnership has been set up to deliver long term, environmental, sustainable and cost effective solution for waste after recycling and composting has been maximised through economy of scale.
- The Cardiff Capital Region City Deal was entered into by the Council in 2017. This is a £1.28 billion programme which will aim to achieve a 5% uplift in the region's Gross Value Added (GVA) by delivering a range of programmes which will increase connectivity, improve physical and digital infrastructures, as well as regional business governance.

The table below shows the receipts and the payments that Newport City Council has with each related party throughout the 2023/24 financial year. It also shows any outstanding balances as at 31st March 2024.

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	2022 / 23			2023 / 24		
	Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
	£'000	£'000	£'000	£'000	£'000	£'000
Limited Companies						
The South East Wales Education Achievement Service Ltd	-	1,077	-	-	843	-
Newport Norse	(1,345)	16,447	3,176	(759)	24,041	835
Pooled Budgets						
The Gwent Wide Integrated Community Equipment Service (GWICES)	-	334	-	-	469	(84)
The Gwent Frailty Programme	(1,826)	1,891	-	(1,878)	1,546	447
Joint Ventures						
Gwent Joint Records Committee	-	312	-	-	350	-
Greater Gwent Cremation Committee	(441)	251	-	(446)	391	-
Project Gwyrdd	-	2,142	-	-	2,150	166
Cardiff Capital Region City Deal (from 2017/18)	(2,770)	120	-	-	126	-

Subsidiary Company

Newport Transport Ltd is a company wholly owned by the Council. Newport Transport's board includes four Council Members nominated by the Council. As at 31st March 2024, the balances outstanding for Newport Transport Ltd were debtors of £0 and creditors of £170k and expenditure of £7.0m and income of £104k. Sundry debtors outstanding as at 31st March 2024 were £128k.

Trust Funds and Third Party Assets

The Council passed a number of its trust fund holdings to the Community Foundation in Wales and with the agreement of the Charities Commission, passed the management of a number of other dormant funds to schools in 2008/09. The Council acts as sole trustee for the remaining Education trust funds which had a value of £1,304,075 as at 31 March 2024. (2023: £33,498).

The Council operates 123 (2022/23: 181) appointee bank accounts holding £1,565,334 (2022/23: £1,493,366). These relate to third party monies held by the Council on behalf of its Social Service clients. These figures have been excluded from cash and cash equivalent figures reported in the accounts.

37 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

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	31-Mar-23 £'000	31-Mar-24 £'000
Opening Capital Financing Requirement	278,426	278,290
<u>Capital investment</u>		
Property, Plant and Equipment	52,887	63,455
Heritage Assets	245	
Short term lease liability	81	27
Revenue Expenditure Funded from Capital Under Statute	4,690	9,797
Long Term Debtors (Loans to external companies)	697	
<u>Sources of finance</u>		
Capital receipts	-	(3,225)
Government grants and other contributions	(43,995)	(39,325)
Sums set aside from revenue	(2,395)	(8,120)
Direct revenue contributions	(1,701)	(2,922)
Minimum Revenue Provision	(10,645)	(10,959)
Closing Capital Financing Requirement	278,290	287,016
Explanation of movements in year	-	
Increase in underlying need to borrow:	-	
Supported by government financial assistance	4,101	4,155
Un-supported by government financial assistance	6,376	15,467
Assets acquired under finance leases	27	
Bullet Repayment of PFI Liability	-	
Assets acquired under PFI contracts	5	35
Minimum Revenue Provision	(10,645)	(10,959)
Increase/ (Decrease) in Capital Financing Requirement	(136)	8,725

38 LEASES

Council as Lessee

Finance Leases

The Council has acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are included in Property Plant and Equipment in the balance sheet at the following net amounts as these are cancellable.

	31-Mar-23 £'000	31-Mar-24 £'000
Vehicle, Plant, Furniture	725	-
Equipment	245	177
	<u>970</u>	<u>177</u>

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

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	31-Mar-23 £'000	31-Mar-24 £'000
Finance lease liabilities (net present value of minimum lease payments)		
-current	35	36
-non current	101	65
Finance costs payable in future years	12	7
Minimum lease payments	148	108

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

	31-Mar-23 £'000	31-Mar-24 £'000
Not later than one year	35	36
Later than one year and not later than five years	113	72
	148	108

Operating Leases

The Council has acquired some of its buildings and fleet by operating leases. All vehicles acquired are now within the secondary rental period of the lease agreement and therefore payments due are excluded from the table below. The minimum lease payments due on properties under non-cancellable leases in future years are:

	31-Mar-23 £'000	31-Mar-24 £'000
Not later than one year	1,194	1,201
Later than one year and not later than five years	3,094	2,977
Later than five years	7,052	7,041
	11,340	11,219

NB. These figures have not been adjusted for future inflation or any anticipation of the outcome of a future rent review.

Council as Lessor

Finance Leases

The Council has finance leases with the Kingsway Shopping Centre with a remaining term of 235 years and for Chartist Tower with remaining life of 243 years. The Council has a gross investment in these leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

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	31-Mar-23 £'000	31-Mar-24 £'000
Finance lease debtor (net present value of minimum lease payments)		
- current	-	-
- non-current	5,825	5,824
Unearned finance income	121,132	120,603
Unguaranteed residual value of property	-	-
Gross Investment in the lease	<u>126,957</u>	<u>126,427</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Minimum Lease Payment 31-Mar-23 £'000	Gross Investment in the Lease 31-Mar-23 £'000	Minimum Lease Payment 31-Mar-24 £'000	Gross Investment in the Lease 31-Mar-24 £'000
Not later than one year	-	529	-	529
Later than one year and not later than five years	-	2,116	-	2,116
Later than five years	5,825	124,311	5,824	123,782
	<u>5,825</u>	<u>126,956</u>	<u>5,824</u>	<u>126,427</u>

Operating Leases

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

- to enable the Council to provide services for the local community; or
- to provide an income stream to help support the council tax levy.

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

The Council leases out a number of farms on a life tenancy basis. These leases have been assumed to have a 99-year lease term.

	31-Mar-23 £'000	31-Mar-24 £'000
Not later than one year	908	712
Later than one year and not later than five years	2,600	1,859
Later than five years	11,303	10,928
	<u>14,811</u>	<u>13,499</u>

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Tredegar House Lease

Tredegar House is managed by National Trust under a lease arrangement from the Council. This results in the Council making periodic contributions to assist with the repairing responsibilities. The payments due to the National Trust over the remaining life of the lease are as follows:

	31-Mar-23 £'000	31-Mar-24 £'000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	472	472
	<u>472</u>	<u>472</u>

39 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Southern Distributor Road PFI Scheme

Newport City Council entered into a 40 year contract with Morgan Vinci Ltd to design, build, operate and finance the Southern Distributor Road. The contract specifies minimum standards of performance over a range of areas including reductions in journey time, reduction in the level of congestion, accident levels, improvements in road safety and road availability. The contractor took on the obligation to construct and maintain the road to an acceptable minimum standard.

The road was opened on 13th December 2004. 2023-24 was the 23rd year of the agreements 40 year life.

Property Plant and Equipment

The assets used to provide services on the Southern Distributor Road are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

Payments

The Council makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments, remaining to be made under the PFI contract at 31 March 2024 (excluding any estimation of inflation and availability/ performance deductions), are as follows:

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2024/25	850	1,770	4,922	7,542
Payable within two to five years	3,623	7,850	19,845	31,318
Payable within six to ten years	5,254	11,356	25,205	41,815
Payable within eleven to fifteen years	5,761	12,573	25,108	43,442
Payable within sixteen to twenty years	3,946	7,986	14,284	26,216
Total	19,434	41,535	89,364	150,333

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

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	31-Mar-23	31-Mar-24
	£'000	£'000
Balance outstanding at start of year	33,350	31,718
Net payments during the year	(1,632)	(1,705)
Balance outstanding at year-end	31,718	30,013

Glan Usk Primary School

2023/24 was the fifteenth year of a 25 year PFI contract for the construction and facilities management of Glan Usk Primary School.

The school operates its core areas 44 weeks per annum including a multi-use gaming area and an artificial turf pitch. The multi-use gaming area and the artificial turf pitch are also available to the community during non-school hours.

The contract operates minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below minimum standards.

Property Plant and Equipment

The assets used to provide services on the Glan Usk Primary School are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

Payments

The Council makes an agreed annual payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2024 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total £'000
Payable in 2024/25	1,145	412	615	2,172
Payable within two to five years	4,093	2,108	2,770	8,971
Payable within six to ten years	5,130	3,096	3,683	11,909
Payable within eleven to fifteen years	741	435	478	1,654
Total	11,109	6,051	7,546	24,706

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

	31-Mar-23	31-Mar-24
	£'000	£'000
Balance outstanding at start of year	7,352	6,727
Net payments during the year	(625)	(676)
Balance outstanding at year-end	6,727	6,051

40 CAPITALISATION OF BORROWING COSTS

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There was no capitalisation of borrowing costs in 2022/23 or 2023/24

41 PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore, accounted for on the same basis as a defined contribution scheme.

In 2023/24 the Council paid £15.8m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.67% of pensionable pay. The figures for 2022/23 were £14.7m and 23.68% of pensionable pay. As at the 31 March 2024 contributions of £1.3m were payable (31 March 2023: £1.3m).

42 DEFINED BENEFITS PENSIONS SCHEMES

Participation in Pension Scheme

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Torfaen County Borough Council – this is a funded defined benefit salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets over the long term.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement (Unfunded Teachers Discretionary Benefits) – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

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

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	Local Government Pension Scheme 31-Mar-23	Unfunded Teachers Discretionary Benefits 31-Mar-23	Local Government Pension Scheme 31-Mar-24	Unfunded Teachers Discretionary Benefits 31-Mar-24
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	43,063	-	18,439	-
Past service cost (including curtailments)	268	-	766	-
Effect of settlements	-	-	-	-
Financing and Investment Income and Expenditure				
Interest income on plan assets	(17,382)	-	(29,105)	-
Interest cost on defined benefit obligation	28,339	221	33,416	176
Total Post Employment Benefit Charged to the Surplus/Deficit on Provision of Services	54,288	221	23,516	176
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
Changes in Demographic Assumptions	(40,032)	(148)	(23,350)	(60)
Return on assets excluding amounts included in net interest	20,957	-	(46,318)	-
Changes in financial assumptions	(392,073)	(1,101)	(42,354)	(120)
Other experience	71,667	182	23,037	838
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(339,481)	(1,067)	(88,985)	658
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services post employment benefits in accordance with the Code	54,288	221	23,516	176
Actual amount charged against the Council Fund Balance for pensions in the year				
Employer contributions	19,852	-	21,316	-
Contributions in respect of unfunded benefits	1,167	(786)	1,282	(835)
Effect of business combinations and disposals	-	-	-	-
	21,019	(786)	22,598	(835)

Assets and Liabilities in Relation to Retirement Benefits

Notes to the Statement of Accounts

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Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme 31-Mar-23 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-23 £'000	Funded liabilities: Local Government Pension Scheme 31-Mar-24 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-24 £'000
Opening balance at 1 April	(1,037,887)	(8,565)	(702,759)	(6,933)
Current service cost	(43,063)	-	(18,439)	-
Interest cost on defined benefit obligation	(28,339)	(221)	(33,416)	(176)
Plan participants contributions	(5,645)	-	(5,887)	-
Actuarial gains and losses arising on changes in financial assumptions	392,073	1,101	42,354	120
Changes in Demographics Assumptions	40,032	148	23,350	60
Other experience	(43,576)	(182)	(23,037)	(838)
Benefits paid	23,914	786	29,284	835
Past service cost (including curtailments)	(268)	-	(766)	-
Effect of business combinations and disposals	-	-	-	-
Closing balance at 31 March	(702,759)	(6,933)	(689,316)	(6,932)

Local Government Pension Scheme	31-Mar-23 £'000	31-Mar-24 £'000
Opening balance at 1 April	643,250	613,548
Interest income on plan assets	17,382	29,105
Return on assets excluding amounts included in net interest	(20,957)	46,318
Employer contributions	21,019	22,598
Contributions by scheme participants	5,645	5,887
Benefits paid	(24,700)	(30,119)
Other Experience	(28,091)	-
Effect of business combinations and disposals	-	-
Closing balance at 31 March	613,548	687,337

Reconciliation of fair value of scheme assets

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rates, salary levels, etc. The Actuary will periodically review its assumptions about how long fund beneficiaries will live to be able to predict scheme obligations. Simplistically, this equates to benefit obligations being provided until 87.1 years on average. Both the Teachers' Discretionary Benefits and Greater Gwent (Torfaen) Pension Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Greater Gwent (Torfaen) Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

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Newport City Council

	Local Government Pension Scheme		Unfunded Teachers Discretionary Benefits	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
Mortality assumptions:				
Longevity at 65 for current pensioners:				
- Men (years)	20.2	20.0	20.2	20.0
- Women (years)	23.1	22.9	23.1	22.9
Longevity at 65 for future pensioners:				
- Men (years)	21.1	20.9	21.1	20.9
- Women (years)	24.9	24.6	24.9	24.6
Other Assumptions:				
Rate of CPI Inflation	2.95%	2.75%	2.95%	2.75%
Rate of increase in salaries	3.45%	3.25%	N / A	N / A
Rate of increase in pensions	2.95%	2.75%	2.95%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%	4.75%	4.85%
Take-up of option to convert annual pension	65.00%	65.00%	N / A	N / A

The Teachers' Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme assets consist of the following categories.

	31-Mar-23 £'000	31-Mar-24 £'000
Equity Securities	-	-
Investment Funds	534,674	590,173
Property	12,426	11,737
Infrastructure	8,238	29,735
Alternatives	55,026	31,751
Cash	3,184	23,941
	613,548	687,337

43 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

The Treasury Management Strategy includes an Investment Strategy in compliance with Welsh Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

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

Credit Risk

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of [A-], the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. Arlingclose provides the Council with credit services which use sophisticated modelling approaches with credit ratings from the major credit rating agencies. These counterparty listings are based on credit ratings and by counterparty type (Secured and Unsecured banks, Government, Corporate and Registered Providers). Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

Arising from deposits with banks and financial institutions, as well as credit exposure to the Council's customers, this risk is minimised by only making deposits with financial institutions once they meet minimum credit criteria. Details are included in the annual investment strategy. The strategy requires the Council to invest its funds prudently and to have regard to security and liquidity of its investments before seeking the highest rate of return or yield. The Council's objective when investing funds is to strike an appropriate balance between risk and return minimising the risk of incurring losses from default and the risk of receiving unsuitably low investment income. This Council has no recent experience of non-payment of its investments and therefore assesses its credit risk in this area as negligible.

The Annual Investment Strategy documents the maximum amounts and time limits in respect of each financial institution. The credit limits were not exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The credit quality of £10m of the Council's investments is enhanced by collateral held - £10m in the form of covered bonds collateralised by residential mortgages, the collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

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The Council formally reviews its approved counterparties which are formalised in its treasury management strategy. In addition, the approved counterparties credit ratings are regularly reviewed in conjunction with the treasury management advisors, Arlingclose Ltd.

The Council does not currently apply credit ratings to its council tax and trade debtors although this is always under review. Its exposure to non-payment of these debts is summarised as:

	Estimated Exposure at 31 Mar 2023	Outstanding Debt as at 31 Mar 2023	Historic experience of default	Estimated Exposure to non-repayment Mar 2024
	£'000	£'000	%	£'000
Council tax debts	237	11,627	2.44	284
Trade debtors	91	15,680	1.35	212
	328			495

The Council expects repayment of its general debt within 30 days. However, £11.6m (74%) of £15.7m trade debt is past this due date. The equivalent 2022/23 comparison indicated 50% of debts exceeded 30 day period.

	31-Mar-23	31-Mar-24
	£'000	£'000
Less than thirty days	5,842	4,047
Less than three months	1,444	4,165
Three months to one year	1,809	2,954
More than one year	2,569	4,514
	11,664	15,680

Additionally, the Council has also provided loan agreements to third party organisations who are undertaking city regeneration, currently this amounts to £10.3m. These loans are subject to the usual commercial warranties to ensure security of assets. The Council are not aware of any historical default issues. These loans are expected to be paid back in full on the agreed dates, but in mitigating against longer term credit/investment risk the Council also has access to a general risk reserve for investments, totalling £1.3m.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Council has ready borrowing access to the money market and the Public Works Loans Board to cover short term unforeseeable events. However, there is a risk that the Council may need to replenish significant borrowings at a time that interest rates are not favourable. Consequently, under its Treasury Management Strategy it sets limits on the proportion of variable rate borrowings in accordance with CIPFA's Treasury Management recommended practice, currently all of the borrowing is on fixed rate.

	31-Mar-23	31-Mar-24
	£'000	£'000
Loan maturity		
Less than one year	5,012	45,668
Between one and two years	7,068	5,750
Between two and five years	31,073	12,738
More than five years	95,464	73,497
	138,617	137,653

All trade and other payables are repayable in less than or equal to one year.

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Market Risk

Market risk comprises interest rate, price and foreign exchange considerations.

Market Risks - Interest Rate Risk

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

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

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

The Council has a number of strategies to manage the interest rate risk, as contained within its treasury management and investment strategy. Where it is economically sound to do so the Council will, during falling interest rates, repay early high cost fixed rate loans to limit loss exposure.

The treasury management team actively assesses the Council's interest rate exposure and feeds this into its medium term financial planning process. This minimises any adverse effects. The Council does not currently have any borrowing at variable interest rates.

Market Risks - Price Risk

The Council does not generally invest in equity shares and therefore has no exposure to movement in share price.

Market Risks - Foreign Exchange Risk

The Council has a small Euro bank account of approximately €2,000. The exposure to losses arising from movement in exchange rates is therefore negligible.

44 CONTINGENT LIABILITIES

There are a number of contingent liabilities identified as at 31 March 2024:

- **MMI Insurances** - The Council manages the residual insurance fund of the former Gwent County Council on behalf of Torfaen, Blaenau Gwent, Caerphilly and Monmouthshire Councils. Municipal Mutual Insurance Limited (MMI) covers some of the claims of both ex- authorities (Gwent CC and Newport Borough Council). Following a High Court case in March 2012, MMI has now confirmed that they will be unable to settle the remaining claims in total, and each Council is now required to meet a balance of the remaining claims.

In April 2013, Ernst & Young, the Scheme Administrators advised that the levy to be paid by Members had been set 15% of the Council's claim value. In 2013/14 a levy of £463k was paid (based on claims value of £3.1m). In 2016/17 an additional levy of £347k (10% levy) was required by the scheme administrators, making the total levy paid to date (£810k) 25%. There is a risk that a further levy could be applied, the Council holds an earmarked reserve to mitigate this risk. No transactional activity was evident against that reserve in 2023/24.

Notes to the Statement of Accounts

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- **Insurance Claims** - The Council manages current insurance claims made against it on an on-going basis. There are a number of claims against the Council that are not included within its general insurance cover. These relate to discrimination, employment tribunals, copyright claims and civil litigation. As at 31 March 2024 the total claims outstanding particular to NCC is estimated at £2.9m. A provision has been made for claims totalling £1.4m as detailed in Note 24, as these have been assessed as being probable in terms of likely settlement.

The Council also has an insurance reserve to mitigate against a percentage of the balance of claims as it is difficult to quantify the amount of these claims and the likelihood of the liability, and the Council is disputing all of the claims.

- **Newport City Homes** - As part of the legal agreements associated with the transfer of the housing stock in 2008, the Council provided a number of property-related, employment, planning, environmental and other warranties to Newport City Homes and its funders which are for a period of 35 years from the date of transfer. The property-related warranties are limited to £9,000 per property (as at 2008 index linked to RPI), and cover 9,144 separate properties.
- **Financial Guarantees** – The Council has entered into a number of agreements to act as guarantor; in particular, regarding the safeguarding of former employees' pension rights when their employment was transferred to third party organisations. There is no quantifiable liability to the Council; however, there remains a potential liability in future years.
- **Landfill Tax** - In July 2019, the Welsh Revenue Authority (WRA) opened an enquiry into the 2018/19 financial year in relation to Landfill Tax and the Loss of Ignition (LOI) tests required as part of the return. Newport City Council have worked with WRA to provide all information requested and have been issued with an assessment in relation to unpaid tax, part of which has been settled. The balance of the assessment remains subject to an ongoing legal process and, therefore, there is still uncertainty as to whether any further payments will be required and to what value those payments may amount. In addition to the WRA enquiry, HMRC have also opened their own enquiry and have issued the Council with an assessment of Landfill Tax to be repaid in relation to the 2017/18 financial year. As with the WRA assessment, until the legal process has been concluded, it will not be known whether any repayment will be made and to what value it could amount.

45 CONTINGENT ASSETS

No Contingent Assets were identified at 31 March 2024.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2023/24 Code that a Local Council with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Newport City Council and its subsidiary Newport Transport Limited. At the point of consolidation, the draft accounts were available and are what are included within the Group Accounts.

Where a note is identical to Newport City Councils individual accounts, no further disclosure has been made.

For 2022/23, the group accounts have been restated. This is due to the fact that the final audited set of Newport Transport accounts were not published until after the deadline for Local Authorities final 2022/23 accounts. All notes have been restated where necessary to correspond to the final 2022/23 Newport Transport Accounts.

ACCOUNTING POLICIES APPLICABLE TO THE GROUP ACCOUNTS

Basis of Consolidation

The group accounts have been prepared on the basis of full consolidation of the financial transactions and balances of Newport City Council and Newport Transport Ltd. Inter-group transactions and balances between the Council and its subsidiary have been eliminated in full.

Accounting policies

The accounting policies for both Newport City Council and Newport Transport are materially aligned.

Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Group Statement of Accounts and associated notes have been prepared using unaudited draft accounts provided by Newport Transport. A degree of estimation and assumption was required to complete these Group accounts within the required timescales.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

Gross Expenditure	Restated Group Total 2022/23	Net Expenditure		Gross Expenditure	Group Total 2023/24	Net Expenditure
	Gross Income				Gross Income	
£'000	£'000	£'000		£'000	£'000	£'000
43,507	(9,062)	34,445	Childrens Services	46,550	(13,603)	32,946
85,716	(22,601)	63,115	Adult Services	91,876	(24,684)	67,192
32,075	(28,944)	3,131	Prevention & Inclusion	27,478	(24,968)	2,509
35,599	(4,981)	30,618	Corporate	32,867	(4,252)	28,614
22,459	(13,810)	8,649	Housing & Communities	23,285	(13,765)	9,520
30,398	(8,353)	22,045	Environment & Public Protection	27,907	(7,889)	20,018
35,489	(18,007)	17,482	Infrastructure	40,981	(20,001)	20,980
20,557	(9,968)	10,589	Regeneration & Economic Development	16,941	(7,113)	9,828
33,059	(12,687)	20,372	Education	32,798	(12,573)	20,225
169,203	(30,928)	138,275	Schools	180,042	(31,648)	148,393
41,702	(38,255)	3,447	Other Non Department Costs	44,325	(40,213)	4,112
9,366	-	9,366	Newport Transport Operating Expenditure	7,451	-	7,451
559,130	(197,596)	361,534	Cost of services	572,499	(200,711)	371,788
28,672	-	28,672	Other operating expenditure	30,401	(142)	30,259
21,741	(1,571)	20,170	Financing and investment income and expenditure	15,512	(3,474)	12,038
-	-	-	(Surplus) / deficit on discontinued operations	-	-	-
265	(396,126)	(395,861)	Taxation and non-specific grant income	240	(421,253)	(421,013)
609,808	(595,293)	14,515	(Surplus) / Deficit on Provision of services	618,652	(625,580)	(6,928)
		(20,712)	(Surplus) / deficit on revaluation of Property Plant and Equipment assets			(20,511)
		(340,548)	Actuarial (gains) / losses on pensions assets / liabilities			(88,327)
		-	Other gains / losses required to be included in the Comprehensive Income and Expenditure Statement			-
		-	Share of other comprehensive income and Expenditure of Subsidiaries			-
		(361,260)	Other Comprehensive Income and Expenditure			(108,838)
		(346,745)	Total Comprehensive Income and Expenditure			(115,766)

GROUP BALANCE SHEET AS AT 31 MARCH 2024

Restated

Total 2022/23		Notes	Total 2023/24
£'000			£'000
449,239	Property, Plant and Equipment	5	488,618
147,456	Property, Plant and Equipment - Infrastructure	5	155,681
19,451	Heritage Assets		19,739
15,812	Investment Property		15,816
11,279	Long Term Investments		11,130
27,494	Long Term Debtors		27,518
670,731	Long Term Assets		718,502
20,294	Short Term Investments		433
314	Assets Held for Sale		323
575	Inventories		558
79,217	Short Term Debtors	8	89,107
176	Deferred Tax Asset		176
26,492	Cash and Cash Equivalents	10	18,830
127,068	Current Assets		109,427
(3,325)	Bank Overdraft		(18,415)
(5,012)	Short Term Borrowing		(45,149)
(69,095)	Short Term Creditors	9	(60,687)
(10,885)	Short Term Provisions	11	(5,187)
(2,875)	Other Short Term Liabilities		(4,435)
(91,192)	Current Liabilities		(133,873)
(23,492)	Long Term Creditors	7	(23,199)
(6,599)	Long Term Provisions	11	(7,607)
(132,156)	Long Term Borrowing		(90,463)
(96,144)	Pension Liability		(8,911)
(44,526)	Other Long Term Liabilities		(44,425)
-	Deferred tax liability		-
(302,918)	Long Term Liabilities		(174,605)
403,689	Net Assets		519,451
(137,312)	Usable Reserves		(127,705)
(266,376)	Unusable Reserves	16	(391,748)
(403,688)	Total Reserves		(519,451)

GROUP MOVEMENTS IN RESERVE STATEMENT FOR YEAR ENDING 31 MARCH 2024

Group Accounts

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Newport City Council

GROUP	Council Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Restated	£'000	£'000	£'000	£'000	£'000	£'000
Balance at the 31 Mar 2022 carried forward	(6,500)	(135,962)	(9,390)	(151,849)	94,909	(56,940)
Movement in reserves during 2022/23 (Surplus) / deficit on the provision of services	15,386	-	-	15,386	(871)	14,515
Other comprehensive Income and Expenditure	-	-	-	-	(361,260)	(361,260)
Total Comprehensive Income and Expenditure	15,386	-	-	15,386	(362,131)	(346,745)
Adjustments between accounting basis and funding basis under regulations	(406)	-	(440)	(846)	846	-
Net Increase / Decrease before Transfers to Earmarked Reserves	14,980	-	(440)	14,540	(361,285)	(346,745)
Transfer to/ from Earmarked Reserves	(14,980)	14,980	-	-	-	-
(Increase) / Decrease in 2022/23	-	14,980	(440)	14,540	(361,285)	(346,745)
Balance at the 31 Mar 2023 carried forward	(6,504)	(120,982)	(9,830)	(137,309)	(266,376)	(403,685)
Balance at the 31 Mar 2023 carried forward	(6,504)	(120,982)	(9,830)	(137,309)	(266,376)	(403,685)
Movement in reserves during 2023/24 (Surplus) / deficit on the provision of services	(6,282)	-	-	(6,282)	(645)	(6,927)
Other comprehensive Income and Expenditure	-	-	-	-	(108,838)	(108,838)
Total Comprehensive Income and Expenditure	(6,282)	-	-	(6,282)	(109,483)	(115,765)
Adjustments between accounting basis and funding basis under regulations	12,911	-	2,977	15,888	(15,888)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	6,629	-	2,977	9,606	(125,371)	(115,765)
Transfer to/ from Earmarked Reserves	(6,629)	6,629	-	-	-	-
(Increase) / Decrease in 2023/24	-	6,629	2,977	9,606	(125,371)	(115,765)
Balance at the 31 Mar 2024 carried forward	(6,504)	(114,353)	(6,853)	(127,705)	(391,746)	(519,450)

GROUP CASH FLOW STATEMENT FOR YEAR ENDING 31 MARCH 2024

Total 2022/23 £'000		Note	Total 2023/24 £'000
14,514	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		(6,927)
(59,159)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	12	(23,507)
18,018	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	12	19,378
(26,627)	Net cash flows from Operating Activities		(11,056)
13,877	Investing Activities	13	37,133
(3,124)	Financing Activities	14	(3,326)
(15,874)	Net (increase) or decrease in cash and cash equivalents		22,751
7,293	Cash and cash equivalents at the beginning of the reporting period	10	23,167
23,167	Cash and cash equivalents at the end of the reporting period	10	415

Group Accounts

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Newport City Council

The notes to the Council's Core Financial statements apply also to the Group Accounts with the following additions and exceptions.

1 REMUNERATION

The number of employees of the Council and its subsidiary whose remuneration is over £60,000 per annum is shown below.

	31-Mar-23	31-Mar-24
£155,000 - £159,999	2	-
£135,000 - £139,999	-	1
£130,000 - £134,999	-	4
£125,000 - £129,999	1	-
£115,000 - £119,999	2	3
£110,000 - £114,999	2	3
£105,000 - £109,999	1	4
£100,000 - £104,999	3	4
£ 95,000 - £ 99,999	1	5
£ 90,000 - £ 94,999	3	5
£ 85,000 - £ 89,999	8	9
£ 80,000 - £ 84,999	8	12
£ 75,000 - £ 79,999	13	13
£ 70,000 - £ 74,999	16	22
£ 65,000 - £ 69,999	19	35
£ 60,000 - £ 64,999	47	60
Total	126	180

Further information regarding the remuneration of the employees of Newport Transport is contained within the company's 2023/24 Financial Statements.

The disclosure for Members allowances is the same as for the single entity accounts.

2 RELATED PARTY DISCLOSURE

Related party transactions and balances of the group are as contained in Note 36 to the single entity financial statements.

3 EXTERNAL AUDIT COSTS

In 2023/24 the following fees were paid by the council and its subsidiary in respect of audit and inspection.

	31-Mar-23 £'000	31-Mar-24 £'000
Fees payable with regard to external audit of accounts	244	245
Fees payable in respect of local government measure	112	112
Fees payable for the certification of grant claims and returns for the year	61	61
Fees payable for other financial audit work	1	1
Total	419	419

4 LEASES

Operating leases

The Group has acquired some of its buildings and fleet by operating leases. Newport Transport also has commitments under non-cancellable operating leases. The minimum lease payments due under non-cancellable leases in future years for the Group are:

	31-Mar-22	31-Mar-23
	£'000	£'000
Not later than one year	3,242	2,804
Later than one year and not later than five years	9,393	7,287
Later than five years	18,230	14,399
	30,865	24,490

Finance Leases

Both the Council and Newport Transport have acquired a number of vehicles and equipment under finance leases. The assets acquired under these leases are included in Property Plant and Equipment in the balance sheet at the following net amounts as these are cancellable:

	31-Mar-22	31-Mar-23
	£'000	£'000
Vehicle, Plant, Furniture	725	61
Equipment	245	177
	970	238

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

	31-Mar-22	31-Mar-23
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments)		
- current	35	97
- non-current	101	182
Finance costs payable in future years	12	7
Minimum lease payments	148	286

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£'000	£'000	£'000	£'000
Not later than one year	47	104	35	97
Later than one year and not later than five years	101	182	101	182
	148	286	136	279

Group Accounts

Statement of Accounts 2023/24

Newport City Council

5 PROPERTY, PLANT & EQUIPMENT

2023/24	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	389,040	44,254	314	4,422	62,365	500,394	70,140
Additions	28,186	4,786	1,269	-	28,411	62,652	35
Donations	-	-	-	-	-	-	-
Re-classification	2,575	4,025	1,930	(4,407)	(15,958)	(11,835)	-
Revaluations	8,766	-	(2,680)	-	-	6,086	131
Impairments	(13,379)	(119)	-	-	-	(13,498)	(35)
Disposals	(28)	(5,061)	-	-	-	(5,089)	-
At 31 March 2024	415,160	47,885	833	15	74,818	538,710	70,271
Accumulated Depreciation and Impairment							
At 1 April 2023	(26,897)	(23,786)	-	-	(471)	(51,154)	(26,296)
Depreciation Charge in Year	(14,721)	(4,254)	-	-	-	(18,975)	-
Re-classification	(26)	-	-	-	-	(26)	-
Revaluation Impact	15,086	-	-	-	-	15,086	-
Disposals	6	4,971	-	-	-	4,977	-
At 31 March 2024	(26,552)	(23,069)	-	-	(471)	(50,092)	(26,296)
Net Book Value							
At 1 April 2023	362,143	20,468	314	4,422	61,894	449,241	43,844
At 31 March 2024	388,608	24,816	833	15	74,347	488,619	43,975
Restated							
2022/23	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	363,036	48,882	252	6,424	30,247	448,840	69,579
Additions	11,275	3,138	250	1	36,293	50,957	5
Donations	-	-	-	-	-	-	-
Re-classification	(3,563)	3,638	54	5,200	(4,173)	1,156	-
Revaluations	28,493	-	8	(7,202)	-	21,299	561
Impairments	(9,988)	(37)	(250)	(1)	-	(10,276)	(5)
Disposals	(213)	(11,367)	-	-	(2)	(11,582)	-
At 31 March 2023	389,040	44,254	314	4,422	62,365	500,394	70,140
Accumulated Depreciation and Impairment							
At 1 April 2022	(16,889)	(30,713)	-	-	(14)	(47,616)	(24,511)
Depreciation Charge in Year	(13,672)	(4,379)	-	-	-	(18,051)	(1,785)
Re-classification	2,762	-	-	-	(471)	2,291	-
Revaluation Impact	873	-	-	-	14	887	-
Disposals	29	11,306	-	-	-	11,335	-
At 31 March 2023	(26,897)	(23,786)	-	-	(471)	(51,154)	(26,296)
Net Book Value							
At 1 April 2022	346,147	18,169	252	6,424	30,233	401,224	45,068
At 31 March 2023	362,143	20,468	314	4,422	61,894	449,241	43,844

Infrastructure Assets

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	2022-23	2023-24
Net Book Value at 1 April	151,210	147,456
Additions	5,341	4,939
Disposals	(2,296)	-
Depreciation	(5,896)	(7,470)
Impairment	(728)	(1,282)
Other movements in Cost	(175)	12,038
Net Book Value at 31 March	147,456	155,681

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

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

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

6 FINANCIAL INSTRUMENTS

Newport Transport only enters in basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payables, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

7 LONG TERM CREDITORS

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Other long term creditors	(23,492)	(23,199)
	(23,492)	(23,199)

In addition to the financial instruments disclosures in the single entity accounts it should be noted, on consolidation, the Council's shareholding in Newport Transport ceases to be a financial instrument, as the consolidation balance sheet includes the net assets of the subsidiary and their corresponding net worth. The increase in the fair value is eliminated in the consolidation process.

Group Accounts

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8 DEBTORS

	Restated 31-Mar-23			31-Mar-24		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
General	24,145	(6,397)	17,748	22,936	(7,562)	15,374
Council tax payers	10,795	(7,156)	3,639	11,627	(7,338)	4,289
NHS bodies	4,380	-	4,380	4,252	-	4,252
Central government bodies *	49,061	-	49,061	55,919	-	55,919
Other local authorities	4,389	-	4,389	9,274	-	9,274
	92,770	(13,553)	79,217	104,008	(14,900)	89,108

9 CREDITORS

	Restated	
	31-Mar-23 £'000	31-Mar-24 £'000
General	(41,699)	(28,964)
Central government bodies	(13,282)	(20,497)
Prepayments of council tax	(1,604)	(1,625)
NHS bodies	(395)	(536)
Other local authorities	(12,115)	(9,064)
	(69,095)	(60,686)

10 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash equivalents is made up of the following elements;

	Restated	
	31-Mar-23 £'000	31-Mar-24 £'000
Cash held by the authority	23,760	13,223
Bank Current accounts	(593)	(12,808)
Total Cash and Cash Equivalents	23,167	415

Group Accounts

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Newport City Council

11 PROVISIONS

	31-Mar-23	Unused amounts reversed	Amounts used	Further provisions	31-Mar-24
	£'000	£'000	£'000	£'000	£'000
<i>Current Provisions</i>					
Accumulated absence provision	(5,187)	5,187	-	(3,597)	(3,597)
Insurance / MMI Provision	(1,306)	-	722	(854)	(1,438)
Energy Provision	(30)	-	-	-	(30)
Health & Safety Fine	(1,100)	-	1,100	-	-
Overpaid Court Fees reimbursement	(122)	-	-	-	(122)
Newport City Homes	(3,140)	-	3,140	-	-
	(10,885)	5,187	4,962	(4,451)	(5,187)
<i>Long Term Provisions</i>					
Landfill Capping	(6,189)	-	614	(107)	(5,682)
Imperial Park	-	-	-	(1,275)	(1,275)
Other	(467)	-	-	(183)	(650)
	(6,656)	-	614	(1,565)	(7,607)

12 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Interest received	(1,104)	(3,281)
Interest paid	11,207	9,683
Loss on disposal of tangible assets	(19)	(92)
Taxation	265	240
	10,349	6,550

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Depreciation	(23,947)	(26,445)
Impairment and downward valuations	(6,532)	(13,829)
(Increase) / Decrease in creditors	(3,527)	2,006
Increase / (Decrease) in debtors	1,268	3,751
Increase / (Decrease) in stock	(730)	(18)
Pensions liability	(33,490)	(1,094)
Carrying amount of non-current assets sold	(1,531)	(87)
Other non cash adjustments	9,330	12,209
	(59,159)	(23,507)

Group Accounts

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The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(36,000)	(19,861)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	440	248
Any other items for which the cash effects are investing or financing cash flows	53,578	38,991
Net cash flows from Operating activities	18,018	19,378

13 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	54,501	70,583
Purchase of short-term and long-term investments	11,083	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(522)	(422)
Other receipts from investing activities	(51,185)	(33,028)
Net cash flows from investing activities	13,877	37,133

14 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Cash receipts of short- and long-term borrowing	(4,681)	(29,080)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,426	2,452
Repayments of short- and long-term borrowing	8,551	30,614
Government Grant Income	(9,421)	(7,312)
Net cash flows from financing activities	(3,124)	(3,326)

Group Accounts

Statement of Accounts 2023/24

Newport City Council

15 TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023 - higher than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Profit / (Loss) on Ordinary Activities before Tax	1,137	884
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%)	216	221
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8	8
Capital allowances for year in excess of depreciation	13	18
Changes in deferred tax rate	75	-
Adjustments to tax charge in respect of prior periods	-	-
Rate difference regarding other comprehensive income	-	-
Deferred tax not recognised	(46)	(7)
Other timing differences leading to an increase (decrease) in taxation	-	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	-
Total tax charge for the year	266	240

16 UN-USABLE RESERVES

	Restated 31-Mar-23	31-Mar-24
	£'000	£'000
Profit and loss - Newport Transport	(3,349)	(3,993)
Revaluation Reserve - Newport Transport	(1,309)	(1,309)
Revaluation Reserve - Newport City Council	(221,569)	(234,628)
Capital Adjustment Account	(136,914)	(159,664)
Financial Instruments Adjustment Account	954	860
Deferred Capital Receipt Reserve	(21)	(21)
Pensions Reserve	96,144	8,911
Accumulated Absence Account	5,187	3,597
Cardiff City Region Aggregated Un-useable Reserves (NCC share)	(5,495)	(5,495)
	(266,371)	(391,742)

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

GLOSSARY OF TERMS

- **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

- **Actuarial Gains and Losses Re-measurement of Net Defined Benefit Liability**

Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because events have not coincided with the actuarial assumptions made for the last valuation and the actuarial assumptions have changed.

- **Agency Services**

These are services that are performed by or for another Council or public body, where the principal (the Council responsible for the service) reimburses the agent (the Council carrying out the work) for the costs of the work.

- **Appointed Auditors**

The Audit Commission appoints external auditors to every Local Council, from one of the major providers of registered auditors. The Welsh Audit Office is the Council's appointed Auditor.

- **Authorised Limit**

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

- **Balances**

The balances of the Council represent the accumulated surplus of income over expenditure on any of the Funds.

- **Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of Property, Plant and Equipment as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

- **Capital Expenditure**

This is expenditure on the acquisition of property, plant and equipment, or expenditure, which adds to, and not merely maintains, the value of an existing non-current assets.

- **Capital Financing Charges**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

- **Capital Receipts**

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Carrying Amount**
The Balance Sheet value recorded of either an asset or a liability.
- **Chartered Institute of Public Finance and Accountancy (CIPFA)**
CIPFA is the leading professional accountancy body for public services.
- **Community Assets**
This is a category of Property, Plant and Equipment that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.
- **Contingency**
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.
- **Contingent Liabilities or Assets**
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's Statement of Accounts.
- **Council Tax Requirement**
This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.
- **Creditors**
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.
- **Current Service Cost**
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
- **Debtors**
These are sums of money due to the Council that have not been received at the date of the Balance Sheet.
- **Deferred Capital Receipts**
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.
- **Depreciation**
This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
- **Derecognition**
Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

- **Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

- **External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

- **Fair Value**

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

- **Financial Regulations**

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

- **Housing Benefit**

This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

- **Impairment**

A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

- **Infrastructure Assets**

A category of Property, Plant and Equipment which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

- **International Financial Reporting Standard (IFRS)**

These are the defined Accounting Standards that must be applied by all reporting entities to all Statement of Accounts in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with Statement of Accounts of the other entities.

- **Joint Venture**

A Joint Venture is an arrangement under which two or more parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Glossary of Accounting Related Terminology

Statement of Accounts 2021/22

Newport City Council

- **Lender Option Borrower Option (LOBO)**

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

- **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

- **Materiality**

An item would be considered material to the Statement of Accounts if, through its omission or non-disclosure, the Statement of Accounts would no longer show a true and fair view.

- **Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as a provision for credit liabilities, as required by the Local Government and Housing Act 1989. Net debt is the Council's borrowings less cash and liquid resources.

- **Precept**

The amount levied by various Authorities that is collected by the Council on their behalf.

- **Premiums**

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

- **Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

- **Private Finance Initiative (PFI)**

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

- **Public Works Loan Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities

- **Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

- **Reporting Standards**

Glossary of Accounting Related Terminology

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Newport City Council

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Council. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

- **Revaluation Reserve**

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

- **Service Reporting Code of Practice (SERCOP)**

Prepared and published by CIPFA, the Service Reporting Code of Practice (SERCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SERCOP establishes proper practices with regard to consistent financial reporting for services in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

- **Treasury Management**

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

- **Trust Funds**

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

- **Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Glossary of Acronyms

Statement of Accounts 2021/22

Newport City Council

CAA	Capital Adjustment Account
CERA	Capital Expenditure charged to Revenue Account
CFA	Capital Financing Account
CIPFA	Chartered Institute of Public Finance & Accountancy
Code	CIPFA Code of Recommended Accounting Practice
EIB	European Investment Bank
ERDF	European Regional Development Fund
ERV	Estimated Rental Value
FRS	Financial Reporting Standards
GAAP	Generally Accepted Accounting Practice
GAVO	Gwent Association of Voluntary Organisations
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LMS	Local Management of Schools
LOBO	Lender Option Borrower Option
MRP	Minimum Revenue Provision
NCA	Notional Credit Approval
NNDR	National Non-Domestic Rates
NPV	Net Present Value
NRV	Net Realisable Value
PFI	Private Finance Initiative
PWLB	Public Works Loan Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SERCOP	Service Reporting Code of Practice
SEWREC	South East Wales Racial Equality Council
TTF	Treasury Task Force
WIP	Work In Progress
WRA	Welsh Revenue Authority

Further Information

Statement of Accounts 2021/22

Newport City Council

Further information about the Statement of Accounts is available from:

Head of Finance
Civic Centre
Newport
South Wales
NP20 4UR

This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the Statement of Accounts before the audit is completed. The availability of the Statement of Accounts for inspection is advertised in the local press, as is the notice of completion of the audit.