

MERTHYR TYDFIL COUNTY BOROUGH COUNCIL



Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL
MERTHYR TYDFIL
County Borough Council



Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

This document is also available in Welsh.

MYNEGIAD CYFRIFON AM Y FLWYDDYN 2024/25

DRAFT STATEMENT OF ACCOUNTS 2024/25

C Flynn CPFA
Director of Finance
Cyfarwyddwr Cyllid

Merthyr Tydfil County Borough Council

Statement of Accounts 2024/25

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**The Annual Governance Statement & the Independent Auditor's Report has been removed from this version of the draft (unaudited) 2024/25 Statement of Accounts. These will be added in, once the audit of the 2024/25 Statement of Accounts is complete.*

Narrative Report

Introduction

Located in the Heads of the Valleys, within the Cardiff Capital Region, Merthyr Tydfil County Borough is the smallest Welsh local authority, with a population of circa 61,000 and an area of approximately 11,000 hectares of which 2,300 hectares lies within the Brecon Beacons National Park.

Neighbouring Local Authorities are Rhondda Cynon Taf County Borough Council (west and south-west), Caerphilly County Borough Council (east and south-east) and Powys County Council (north). The A470 (north-south) and A465 (east-west) meet to the north-west of Merthyr Tydfil and are the County Borough's major roads.

The County Borough has rich geology and a mixture of quality habitats influenced by its industrial past. Having been the most productive centre of iron making in the world the County Borough has profound historic and cultural significance.

The main town of Merthyr Tydfil lies approximately 20 miles north of Cardiff and is the main retail and service centre in the Heads of the Valleys fulfilling a key strategic role.

Organisational Structure

The Council consists of 30 Elected Members representing 11 electoral divisions. Full Council has responsibility for approving the Authority's budget, plans and strategies that make up the policy framework and approve changes to the Constitution. The Cabinet is responsible for taking most of the major decisions in line with the Council's overall policies and budget. As at 31st March 2025, the Cabinet consisted of 6 Cabinet Members led by the Leader of the Council as Chair who also had responsibility for the Portfolio for Housing and Regeneration. As at 31 March 2025, Cabinet Portfolios were as follows:

- Education, Culture & Welsh Language
- Social Care, Health & Youth Participation
- Climate Change & Communities
- Economy, Leisure and Tourism
- Transformation, Governance & Social Partnership
- Financial Sustainability, Assets & Commercial

Scrutiny Committees and the Governance and Audit Committee provide a further degree of challenge and scrutiny.

Elected Members are supported by the Council's Corporate Management Team led by the Chief Executive and comprising of the following Directors:

- Director of Education – supporting the Cabinet Member for Education, Culture & Welsh Language and responsible for schools and education
- Director of Social Services – supporting the Cabinet Member for Social Care, Health & Youth Participation and responsible for children's services, adult services, safeguarding and youth services
- Director of Neighbourhood Services – supporting the Cabinet Member for Climate Change & Communities and responsible for refuse and waste, highways and engineering, planning and countryside, bereavement services, grounds maintenance, street cleansing and fleet management

- Director of Governance and Resources – supporting the Cabinet Member for Transformation, Governance & Social Partnership and responsible for transformation, communications and consultation, Public Protection, Crime and Disorder. This post was vacant until 30th September 2024
- Director of Finance – supporting the Cabinet Member for Financial Sustainability, Assets & Commercial and responsible for finance, ICT, Assets and Commercialisation.
- Chief Executive – supporting the Cabinet Member for Economy, Regeneration Leisure & Tourism, and responsible for Regeneration, Investment and Housing

The Chief Executive is also supported by:

- Head of People Services & Transformation
- Head of Communication, Consultation and Cabinet Office
- Head of Legal and Monitoring Officer
- Head of Regeneration, Investment and Housing

Corporate Wellbeing Objectives

The Council's Medium Term Financial Plan (MTFP) 2024/25 to 2026/27 approved by Council on 17th April 2024 was determined having regard to the Well-being of Future Generations (Wales) Act 2015. The Act embraces seven wellbeing goals:

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

In setting its Wellbeing Objectives the Council must demonstrate how it has applied the sustainable development principles in aligning with the 5 ways of working of involvement, collaboration, integration, prevention and long-term.

Under the Wellbeing of Future Generations (Wales) Act 2015 the Council is required to fulfil its statutory duty and publish a 'Statement of Wellbeing' and 'Focus on the Future Plan'.

Work undertaken by the Council to ensure the well-being objectives remain fit for purpose have led to a refocus for the period 2023-2028, with the following revised objectives:

1. **An Aspirational Merthyr Tydfil focused on learning** we will strengthen how we enable people to grow and reach their potential.
2. **A Healthier Merthyr Tydfil** we will empower people to live independent and dignified lives.
3. **A Safe and Prosperous Merthyr Tydfil** we will support how our economy recovers and grow.
4. **A Clean and Green Merthyr Tydfil** we will support the creation of a safe, clean and green environment now and in the future.

These objectives were approved by Full Council on 19th April 2023 within the Statement of Wellbeing 2023-28 and the Corporate Plan 2023-28 (Acting Today for a Better Tomorrow).

Performance Against Wellbeing Objectives

The annual corporate self-assessment report meets our duty as set out in Part 6 of the Local Government and Elections (Wales) Act 2021 and Well-being of Future Generations (Wales) Act 2015.

The Council's Corporate Self-Assessment report for 2024/25 was reviewed by Governance and Audit Committee on 24 November 2025. Self-assessment is more than stating what arrangements are in place, it is about considering how effective these arrangements are and how they can be improved. At its simplest, self-assessment establishes how the Council meets its' performance requirements by answering some key questions:

- How well are we doing?
- How do we know?
- What and how can we do better?

It provides an evidence-based analysis, helping us better understand how the Council is delivering its services/functions, how it's using its resources and governing itself.

In doing this, we will show how we are keeping our performance requirements under review and the extent to which we are doing this:

- exercising our functions effectively;
- are using our resources economically, efficiently and effectively; and
- governed effectively.

The report shows how the Council is making progress and improvement. However, there are areas to focus on in order to further strengthen our governance and service priorities.

Under the Local Government Elections Act 2021, the 2024/25 Corporate Self-Assessment report (that replaces the former Annual Performance Report) was presented to the Governance and Audit Committee on 24 November 2025 and will be brought before Council for consideration at a later date.

Core Financial Statements

This document presents the Statement of Accounts for Merthyr Tydfil County Borough Council for the financial year ended 31st March 2025. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The financial statements – accompanied by a Statement of Responsibilities, Independent Auditor's Report, and explanatory notes – are set out on pages 15 to 148, and comprise:

Expenditure and Funding Analysis

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

Comprehensive Income and Expenditure Statement

This statement is fundamental to the understanding of a local authority's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all the local authority's functions. It shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Balance Sheet

This statement is fundamental to the understanding of the Authority's financial position at the Balance Sheet date as it shows the value of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories:

- Usable Reserves – reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt.
- Unusable Reserves – reserves that the Authority is not able to use to provide services. This includes reserves that hold unrealised gains and losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement.

Cash Flow Statement

This statement summarises the inflows and the outflows of cash arising from transactions with third parties for revenue and capital purposes. It shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Financial Performance 2024/25

The Authority is structured in seven Directorates:

- Social Services
- Education
- Regeneration, Investment and Housing (previously Economy and Public Protection)
- Neighbourhood Services
- Governance and Resources
- Finance
- Corporate

Services areas included within these Directorates can be seen in the Revenue Outturn to Budget Section of this Narrative Report.

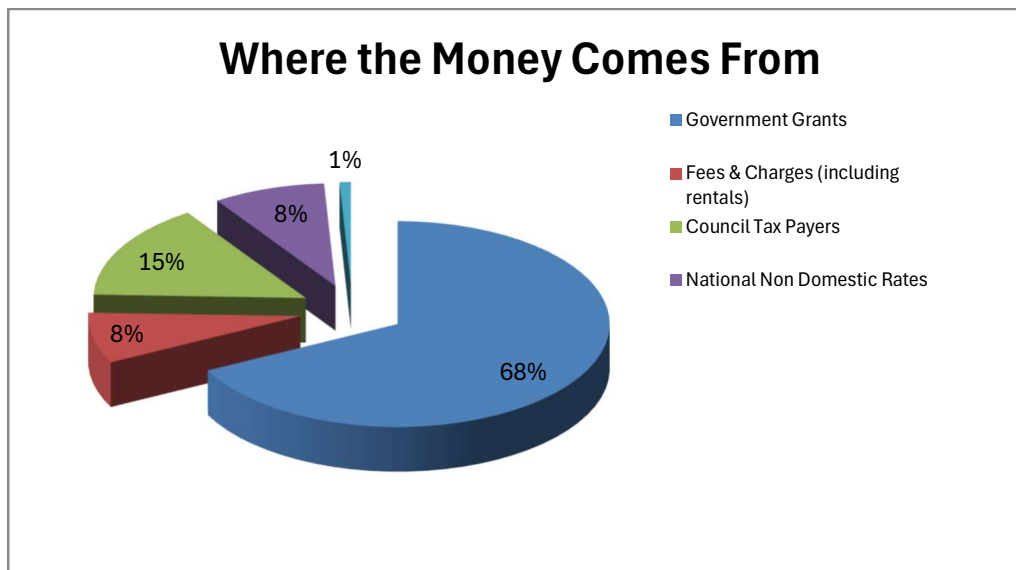
The following illustrations show, in broad terms, the Authority's revenue activities for the financial year ended 31st March 2025, that is, where the money comes from and what it is spent on.

Where the Money Comes From

Description	£'000	%
Government Grants	166,110	68%
Fees & Charges (including rentals)	19,580	8%
Council Tax Payers	37,029	15%
National Non Domestic Rates	21,021	9%
Interest Income	2,114	1%
Total	245,854	100%

*Table is extract from Revenue Outturn to Budget Table below – see Adjusted Net Expenditure

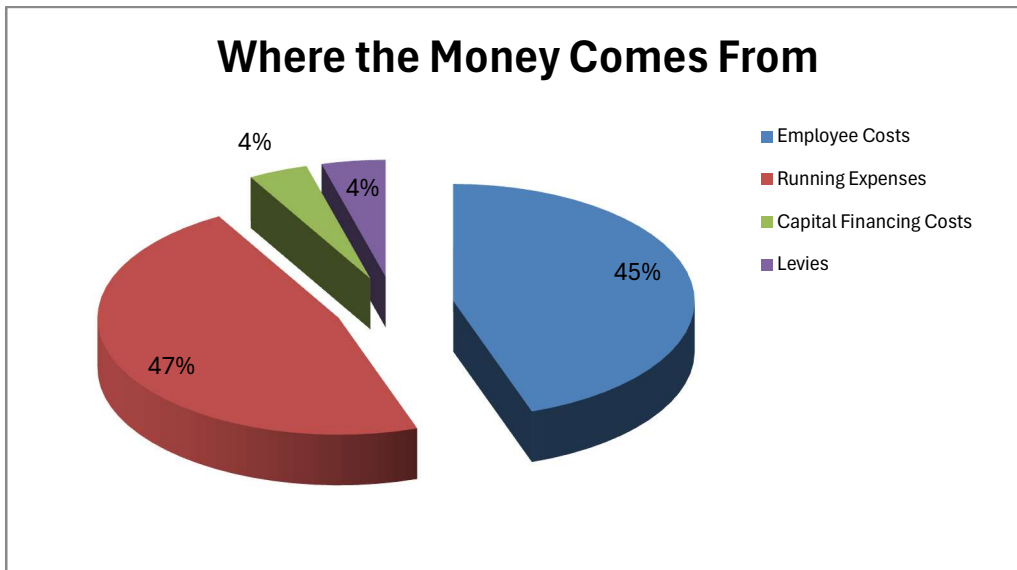
The largest single item is Government Grants which provides 68% of the total, whereas 8% comes from the services provided through Fees & Charges (including rentals). Council Tax income accounts for 15% of the total income.



What the Money is Spent On

Description	£'000	%
Employee Costs	110,875	45%
Running Expenses	116,488	47%
Capital Financing Costs	9,919	4%
Levies	10,615	4%
Total	247,897	100%

*Table is extract from Revenue Outturn to Budget Table below – see Adjusted Net Expenditure

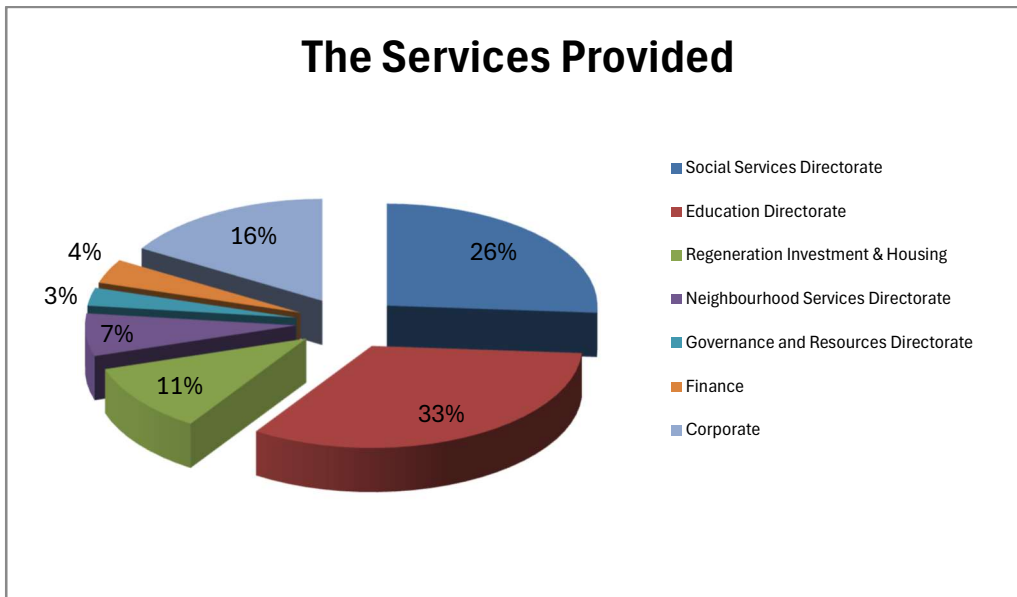


Running expenses such as maintaining buildings, operating vehicles and purchases of supplies and services comprises 47% of the total expenditure, whilst expenditure attributable to employees totals 45%.

The Services Provided

Description	£'000	%
Social Services Directorate	64,743	26%
Education Directorate	82,097	33%
Regeneration Investment & Housing	27,036	11%
Neighbourhood Services Directorate	16,743	7%
Governance and Resources Directorate	7,088	3%
Finance	9,530	4%
Corporate	40,660	16%
Total	247,897	100%

(The above table is prepared on a single entity, Revenue Outturn basis)



Results Reported in the Statement of Accounts

The totals for income and expenditure in the preceding section were derived from the Comprehensive Income and Expenditure Statement on page 16 and the Revenue Outturn Report to Cabinet on 9 July 2025, but they exclude:

- the precept collected in Council Tax for South Wales Police (Note 11),
- the authority's share of joint committees (Note 39),
- capital grants and transactions (page 8), and
- other non-cash entries required by accounting standards (including pension liabilities, page 9).

Revenue Outturn to Budget

The General Fund Revenue Outturn to Budget for 2024/25 is as follows:

Description	Revised Budget 2024/25 £'000	Outturn £'000	Variance	
			£'000	%
Social Services	47,993	46,346	(1,647)	(3)
Education	63,536	63,454	(82)	(0)
Housing, Regeneration and Investment	4,260	4,814	554	13
Neighbourhood Services Directorate	11,637	12,244	607	5
Governance and Resources	4,964	4,833	(131)	(3)
Finance	6,822	6,694	(128)	(2)
Corporate Costs	24,159	23,230	(929)	(4)
Contributions and Recharges	(2,472)	(3,326)	(854)	35
Net Expenditure	160,899	158,289	(2,610)	(2)
Technical adjustments	0	48	48	N/A
Gross up Net Transfer (To)/From Earmarked Reserves and General Fund Balances	0	4,605	4,605	N/A
Adjusted Net Expenditure	160,899	162,942	2,043	N/A

(The Revenue Outturn to Budget table above shows the Net Expenditure total in line with the single entity Revenue Outturn Report presented to Cabinet on 9 July 2025, reported net of earmarked reserve transfers.)

The reduction in General Fund and Earmarked Reserves shown in the Revenue Outturn to Budget table above is also reconciled to the total of Note 10 (Earmarked Reserves & the General Fund Balance) in the table below:

Description	2023/24 General Fund and Earmarked Reserves £'000	2024/25 General Fund and Earmarked Reserves £'000	Reduction in single entity reserves & balances during 2024/2025 £'000
Note 10 Total General Fund and Earmarked Reserves	32,671	30,639	2,032
Less Joint Venture reserves and balances	(1,338)	(1,348)	10
Note 10 less Joint Venture reserves and balances	31,333	29,290	2,043

Capital Outturn to Budget

The Capital Outturn to Budget for 2024/25 is as follows:

Description	Revised Budget	Outturn	Variance	
	£'000	£'000	£'000	%age
Expenditure:				
Education:				
Sustainable Communities for Learning (SCFL)	32,058	32,059	1	0%
Other Education	4,240	3,966	(274)	-6%
Physical Regeneration Programmes	14,696	14,623	(73)	0%
Engineering & Transport	12,178	12,444	266	2%
Land, Buildings and Corporate	13,139	12,435	(704)	-5%
Total	76,311	75,527	(784)	-1.03%
Financed By:				
Borrowing	13,121	13,327	206	2%
Grants and Contributions	60,888	59,901	(987)	-2%
Own Resources	2,302	2,299	(3)	0%
Total	76,311	75,527	(784)	-1.03%

In 2024/25, the Authority spent £75.527m on capital projects compared to the planned Capital Programme of £76.31m.

Significant Capital Expenditure was incurred on the schemes listed below:

- Pen Y Dre High School
- Blessed Carlo Acutis Catholic School

Financial Health

At 31st March 2025 the Authority's general balances and reserves not earmarked for any specific purpose totals £6.428m (31st March 2024 - £5.723m), equating to approximately 3.75% of the Council's Budgeted Net Revenue Expenditure for 2025/26.

The Council's Corporate Reserves Policy, approved by Full Council on the 22nd March 2021 allows the flexibility:-

- To adequately respond to the risk of potential budget overspends in volatile service areas.
- To address financial implications of increasing demographic pressures.
- To respond to the critical requirement for 'one-off' expenditure in meeting corporate priorities.
- To respond to governmental and regulatory demands.

In addition, as a single entity the Council holds further usable reserves at 31st March 2025 in respect of the Insurance Fund (£1.486m), Schools Balances (£0.860m) and Earmarked Reserves (£20.517m), with corresponding balances at 31st March 2024 of £1.976m, £2.054m and £21.580m respectively.

For the 2025/26 financial year, the Authority budgeted for an increase in net revenue expenditure of 7.2% from the 2024/25 budget (adjusted for Welsh Government net transfers into the Local Government Settlement) resulting from increased Welsh Government Funding of 4.9% and Council Tax increase of 5.5%.

The Authority's Medium Term Financial Plan 2025/26 to 2027/28 clearly outlines the financial challenges faced by the Authority over the medium term.

Borrowing Facilities

The Authority, when appropriate, will borrow from the Public Work Loans Board (PWLB), or from the Market if interest rates are considered favourable, to part finance expenditure on capital projects. This borrowing is typically on a long-term basis and is governed by the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities whereby authorised limits for borrowing by Local Authorities are set and approved by a full Council meeting. For the 2024/25 Statement of Accounts, borrowing to support capital expenditure fell within authorised borrowing limits approved by a full Council meeting of elected members on 17th April 2024.

Additionally, the Authority in its day-to-day management of cash transactions may also be required to borrow on a short-term basis when faced with a deficit cash balance for any particular day. Conversely, the Authority may also lend on a short-term basis when surplus cash balances are experienced. Approved organisations for short-term transactions include major British banks and building societies and other local authorities.

Pension Assets and Liabilities

The Statement of Accounts for 2024/25 are compiled under the International Financial Reporting Standards (IFRS) with accounting for 'Retirement Benefits' based on the provisions of International Accounting Standard 19 (IAS 19) 'Employee Benefits'. The provisions of IAS 19 relating to Post-Employment Benefits require the Authority to recognise a net asset/liability and a pensions reserve in the balance sheet and entries in the Comprehensive Income and Expenditure Statement for movements in the asset/liability relating to defined benefit schemes (with reconciling entries back to contributions payable for council tax purposes through the Movement in Reserves Statement). Under IAS 19 the Authority is required to disclose its pension assets and liability representing the surplus/deficit position

on the pension fund. The single entity liability at the end of the year amounted to £28.210m (£32.549m liability at 31st March 2024). The equivalent liability for the Group entity as reported in the Balance Sheet in these accounts amounted to £28.181m at 31 March 2025 and £32.162m at 31 March 2024. The Authority finances its pension liabilities for employees through regular employer contributions to the pension scheme.

Further details are included in Notes 23, 35 and 36 to the Statement of Accounts.

Financial Climate

This MTFP has been prepared against a backdrop of increasing concerns about the financial sustainability of Welsh local authorities, with unprecedented increases in Council Tax and significant use of Earmarked Reserves across Wales required to set balanced budgets for 2025/26.

It is more than a decade that the Council has been facing significant financial challenges, with years of austerity, the implications of Brexit, and more recently the challenges from Covid-19 pandemic, wars in Ukraine and the Middle East, persistently high inflation and the national economic situation. These challenges have created significant financial pressures each year, albeit partially supported by positive Welsh Government (WG) grants and settlements. For 2024-25 a 4.9% increase was given to Merthyr Tydfil covering the cost of some pressures, pay inflation, contract and provider inflation including funding the real living wage for Social Care providers and demographic increases resulting in care need pressures. But the ever-increasing costs and continued rising inflation means this increase was not sufficient to fund the demands, particularly in Social Care.

As ever, we continue to draw upon the work undertaken by Wales Fiscal Analysis (WFA), who are a research body within Cardiff University's Wales Governance Centre that undertakes authoritative and independent research into the public finances, taxation, and public expenditures of Wales. Their work analysing the medium-term fiscal outlook for Local Government in Wales suggests that despite the large increase to the Welsh Government's settlement in 2024/25 and 2025/26 announced at the UK's Autumn Budget, the additional funding doesn't appear to have left enough to avoid some real terms cuts in some spending areas. They state that the *"budget provided something of a fiscal reckoning. It was always likely that public spending and taxes would have to increase – given the state of public services – and the budget delivered an historic increase in the planned size of the UK state"*. The UK government has pencilled in much tighter spending plans beyond 2025/26. After this year's 'big' budget, next year's budget round promises to be more difficult, and might feel like a return to austerity for some public services.

Based on the projections determining the MTFP, the Council is faced with significant challenges in addressing the projected budget deficits over the term of the MTFP. Transformation initiatives are critical in ensuring the financial sustainability of the Council and providing assurance to all stakeholders (including Welsh Government and Audit Wales) that the Council can confidently respond to both current and future financial challenges.

The Council's Medium Term Financial Plan (MTFP) 2025/26 to 2027/28 currently states that the Council is faced with identifying and delivering budget efficiencies of £9.0m for 2026/27 and £11.0m for 2027/28. The key assumptions underpinning the MTFP are as follows:

- A Revenue Settlement of +1.0%
- A Pay Award of +2.5% for 2026/27 and 2% for 2027/28
- A Council Tax increase of 5% per annum
- No utilisation of Reserves from 2025/26 onwards

The Capital Programme for 2025/26 to 2027/28 indicates a core funded Capital Programme of £29.831 million for 2025/26 and £76.624 million for the four-year period, with the 2025/26 capital expenditure financed from Capital Grants (£1.934m), Borrowing (£27.397m) and from the Council's own resources (£0.5m).

Cardiff Capital Region City Deal (CCRCD)

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

On the 20th September 2021, Cardiff Capital Region Cabinet agreed to transition CCR's existing operational and delivery model into a single corporate body, the South East Wales Corporate Joint Committee (SEWCJC) which became fully operational from 1st April 2024.

The South East Wales Corporate Joint Committee (SEWCJC) is the main decision-making body for the Cardiff Capital Region. The Joint Committee is responsible for the following functions:

- Preparing a Strategic Development Plan;
- Preparing a Regional Transport Plan; and
- Doing whatever is deemed necessary to enhance or promote the economic wellbeing of the area.

The Committee also has responsibility for the SEWCJC's Constitution, policy setting, setting the annual budget, agreeing the terms of reference of its sub-committees and appointing Chief Officers.

The SEWCJC Joint Overview and Scrutiny Committee is administered by Rhondda Cynon Taf County Borough Council and is responsible for reviewing and scrutinising decisions made by the SEWCJC and making reports or recommendations to the SEWCJC regarding the discharge of its functions.

For 2024/25, the 2023/24 Joint Committee accounts of CCRCD have been consolidated into the Council's accounts based upon the population figures as specified in the Joint Working Agreement approved by Council on 25th January 2017.

Annual Governance Statement

The Council is required to produce an Annual Governance Statement, a formal statement that covers all significant corporate systems, processes and controls. It is scrutinised by the Governance and Audit Committee before approval by Council.

Council Tax Collection

The collection of Council Tax continues to be challenging due to the continued impact of reduced household income in the cost-of-living crisis, as well as the introduction of a Council Tax premium on long term empty properties. The combination of these factors means that collection rates remain lower than pre-COVID financial years but in-year collection rate increased by 0.3% from 94.30% in 2023/24 to 94.60% in 2024/25. In monetary terms this equates to £37.820 million for 2024/25, an increase over 2023/24 (£34.791 million) of £3.029 million.

The Way Ahead

The Council is currently in the process of identifying budget efficiencies for 2026/27 and for the 3-year period of the Medium-Term Financial Plan approved by Council on the 5th April 2025. The Transformation Programme will build upon the principles of the Council's Recovery, Transformation and Improvement (RTI) Plan in identifying sustainable efficiency savings whilst recognising the priorities within the RTI Plan. Transformational work programmes identified within the Plan include Digital Transformation and the Commercial Programme.

In complementing the digitalisation and commercialisation agendas prioritisation of services will be continued to ensure projected budget deficits are addressed and resources allocated to priority services.

Further Information

Further information about the accounts is available from the Finance Department, Civic Centre, Castle Street, Merthyr Tydfil. This is part of the Authority's policy of providing full information about the Authority's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority's Website and within the Authority's Civic Centre.

Statement of Responsibilities for the Statement of Accounts**The Authority's Responsibilities**

The Authority 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 Authority, that Officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer's Responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Chief Finance Officer has also:

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

Signed

Date

Chief Finance Officer's Certificate

I hereby certify that the statement of accounts on pages 15 to 96 present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2025.

Signed

Date

Council Chairman's Certificate

I hereby certify that the Council approves the statement of accounts on pages 15 to 96 for the year ended 31st March 2025.

Signed

Date

Expenditure and Funding Analysis

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

2023/24			Description	2024/25		
Net Expenditure Chargeable to the General Fund Balances	Adjustments between the funding and Accounting basis (Note 7)	Net expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balances	Adjustments between the funding and Accounting basis (Note 7)	Net expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
42,951	(189)	42,762	Social Services	46,357	(669)	45,688
61,525	1,609	63,134	Education	65,027	1,857	66,884
6,282	5,420	11,702	Regeneration, Investment & Housing	4,978	7,636	12,614
10,230	7,531	17,761	Neighbourhood Services	12,252	6,032	18,284
2,991	196	3,187	Governance and Resources	4,923	90	5,013
6,793	(181)	6,612	Finance	6,734	(415)	6,319
6,015	(546)	5,469	Corporate Costs	4,045	308	4,352
136,787	13,840	150,627	Net Cost of Services	144,316	14,840	159,155
(131,170)	(38,891)	(170,061)	Other Income and Expenditure	(142,286)	(49,703)	(191,989)
5,617	(25,051)	(19,434)	(Surplus)/Deficit	2,030	(34,863)	(32,834)
38,328			Opening General Fund Balance	32,840		
129			Adjustment for Cardiff Capital Region City Deal	(171)		
(5,617)			Plus Surplus/Deficit on General Fund Balance in Year	(2,030)		
32,840			Closing General Fund Balance at 31st March	30,639		

The 2024/25 Adjustment for Capital Region City Deal reflects the Opening Balance Adjustment shown in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2023/24					2024/25		
Gross Expenditure	Gross Income	Net expenditure	Description	Note	Gross Expenditure	Gross Income	Net expenditure
£'000	£'000	£'000			£'000	£'000	£'000
59,170	(16,408)	42,762	Social Services		64,074	(18,386)	45,688
76,606	(13,472)	63,134	Education		84,781	(17,897)	66,884
28,514	(16,812)	11,702	Regeneration, Investment & Housing		45,539	(32,925)	12,614
24,626	(6,865)	17,761	Neighbourhood Services		24,160	(5,876)	18,284
7,063	(3,877)	3,186	Governance and Resources		7,178	(2,165)	5,013
8,915	(2,302)	6,613	Finance		9,115	(2,796)	6,319
22,157	(16,688)	5,469	Corporate Costs		21,999	(17,646)	4,352
227,051	(76,424)	150,627	Cost of Services		256,847	(97,691)	159,155
	9,873		Other operating expenditure	11			10,527
	7,035		Financing and Investment (income) and expenditure	12			6,411
	(186,968)		Taxation and non-specific grant (income) and expenditure	13			(208,927)
	(19,433)		(Surplus) or Deficit on the Provision of Services				(32,834)
	(4,180)		(Surplus) or deficit on revaluation of property, plant and equipment assets				(6,406)
	(33,892)		Remeasurement of the net defined benefit liability/(asset)				(1,234)
	(38,072)		Other Comprehensive (Income) and Expenditure				(7,640)
	(57,505)		Total Comprehensive (Income) and Expenditure				(40,474)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2024/25

Description	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31st March 2024		32,840	1,139	1,714	35,692	182,074	217,766
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure		32,834	0	0	32,834	7,640	40,474
Adjustments between accounting basis and funding basis under regulations	9	(34,863)	538	(282)	(34,607)	34,607	0
Increase or Decrease in 2024/25		(2,029)	538	(282)	(1,773)	42,247	40,474
Opening Balance & Single Entity adjustment		(171)	0	0	(171)	183	12
Balance at 31st March 2025 carried forward		30,639	1,677	1,432	33,748	224,504	258,252

2023/24

Description	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31st March 2023		38,328	584	1,239	40,151	121,119	161,270
Opening balance adjustment		33	(219)		(186)	(767)	(953)
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure		19,436	0	0	19,436	38,072	57,508
Adjustments between accounting basis and funding basis under regulations	9	(25,053)	555	475	(24,023)	23,964	(59)
Increase or Decrease in 2023/24		(5,617)	555	475	(4,587)	62,036	57,449
Single Entity adjustment		96	219		314	(314)	0
Balance at 31st March 2024 carried forward		32,840	1,139	1,714	35,692	182,074	217,766

Balance Sheet

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

The increase in the Authority's Net Assets of £40.474m (£258.252m at 31 March 2025 compared to £217.778m at 31 March 2024 is represented in the Total Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Account on page 16). (The restatement of the 2023/24 balance sheet related to a trivial £12,000 adjustment between Property, Plant and Equipment and Unusable Reserves.)

31/03/2024	31/03/2024 Restated			31/03/2025	
£'000	£'000		Notes	£'000	£'000
347,098	347,110	Property, Plant and Equipment	14	402,274	
8,093	8,093	Heritage Assets	15	8,363	
2,506	2,506	Investment Properties	39	2,464	
477	477	Long Term Investments	16	815	
1,976	1,976	Long Term Debtors	16	2,766	
360,150	360,162	Total Long-Term Assets			416,682
21,122	21,122	Short-term Investments	16	17,079	
398	398	Assets Held for Sale	20	10	
267	267	Inventories		321	
48,843	48,843	Short-term Debtors	17	72,664	
6,072	6,072	Cash and Cash Equivalents	19	5,004	
76,702	76,702	Total Current Assets			95,078
(53,423)	(53,423)	Short-term Borrowing	16	(21,363)	
(32,590)	(32,590)	Short-term Creditors	21	(39,718)	
(1,488)	(1,488)	Short-term Provisions	22	(2,617)	
(108)	(108)	Capital receipts in advance		0	
(87,609)	(87,609)	Total Current Liabilities			(63,698)
(391)	(391)	Long-term Creditors	16	(391)	
(1,524)	(1,524)	Provisions	22	(334)	
(95,036)	(95,036)	Long-term Borrowing	16	(155,778)	
(32,162)	(32,162)	Defined Benefit Pension Scheme Liability	23	(28,181)	
(2,364)	(2,364)	Other Long-term Liabilities	16	(5,126)	
(131,477)	(131,477)	Total Long-Term Liabilities			(189,810)
217,766	217,778	Net Assets			258,252
35,692	35,692	Usable Reserves	10		33,747
182,074	182,086	Unusable Reserves	23		224,505
217,766	217,778	Total Reserves			258,252

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The Statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

2023/24			2024/25
£'000		Note	£'000
243,167	Cash Inflows Generated from Operating Activities		242,395
(243,298)	Cash Outflows Generated from Operating Activities		(250,230)
(131)	Net Cash Flows from Operating Activities	24	(7,835)
(22,017)	Net Cash Flows from Investing Activities	25	(21,150)
22,124	Net Cash Flows from Financing Activities	26	27,917
	Net increase or decrease in Cash and Cash		
(24)	Equivalents		(1,068)
6,096	Cash and Cash Equivalents at the Beginning of the Reporting Period		6,072
6,072	Cash and Cash Equivalents at the End of the Reporting Period	19	5,004

Notes to the Statement of Accounts

1.0 Accounting Policies

1.1 General

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

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

1.2 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 Authority 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 Authority;
- Revenue from the provision of services is recognised when the Authority 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 Authority;
- 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.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 Authority's cash management.

1.4 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 Authority'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.

1.5 Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the 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 differences between the two.

1.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 Authority. 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 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 Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority 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 Authority 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 Rhondda Cynon Taf County Borough Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. 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 Education Directorate line in the Comprehensive Income and Expenditure Statement is 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 Rhondda Cynon Taf pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates 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 the constituents of the iBoxx index of AA rated corporate bonds).
- The assets of the Rhondda Cynon Taf pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

The change in the net pension liability is analysed into the following components:

- **Service cost comprising:**
 - **current service cost** – the increase in liabilities as a result of years of service earned this year- allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - **past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment 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.
 - **net interest on the net defined benefit liability (asset)** - the net interest expense for the Authority – 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 comprising:**
 - **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- **Contributions paid to the Rhondda Cynon Taf County Borough Council 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 Authority 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 transfers 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 Authority 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 pension details are included in Note 36.

1.7 Events after the reporting period

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

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

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

1.8 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 amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Account for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years.

Financial Assets

Financial assets are based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

1.9 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments within the authority) with appropriate planning and consent. The authority charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support development in the area.

CIL is received without conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above.

1.10 Heritage Assets

Heritage assets are defined as non-current assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The heritage assets included within the statement of accounts include historical buildings, collections of fine art, archaeological artefacts and civic regalia.

Historic buildings and monuments have been valued in accordance with section 1.14 below, Property, Plant and Equipment. Heritage assets included within the Museum collection are measured at valuation.

The valuation was carried out by an external valuer as follows:

Bonhams,
7/8 Park Place,
Cardiff.
CF10 3DP.

The valuation date was 29th March 2022.

Depreciation or amortisation is not required on heritage assets which have indefinite lives.

The Authority's policy for the acquisition, preservation, management and disposal of heritage assets is included within the Authority's 'Collections Development and Documentation Policy'. Paragraph 1.1.3

of this document details that the policy follows the accreditation scheme which all museums are expected to follow.

1.11 Interests in Companies and Other entities

Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. The Authority participates in Joint Committees which are accounted for as joint operations. For 2024/25 the Llwydcoed Crematorium Joint Committee, the Central South Consortium Joint Committee and the Cardiff Capital Region City Deal Joint Committee are included within the Authorities financial statements. The Authority has reflected its share, 46.6% of the transactions and balances of the Llwydcoed Crematorium Joint Committee, 6.41% of the transactions and balances of the Central South Consortium Joint Committee and 3.94% of the Cardiff Capital Region City Deal Joint Committee into the Authority's Accounts on a line-by-line basis.

Central South Consortium Joint Education Service (CSCJES)

Further to the outcome of Welsh Government's review of school improvement services (the 'Middle Tier Review'), the Cabinets of the 5 local authorities that comprise the CSC agreed that the delivery of school improvement functions be undertaken by the individual local authorities and the model for Professional Learning and Support continues to be organised and delivered across the CSC regional footprint (i.e. the new Regional Professional Learning and Support Service).

In line with the agreed way forward, the 5 local authorities have and continue to work together to put in place the necessary arrangements to enable both the orderly close-down of the CSC and implementation of the new Regional Professional Learning and Support Service from 1st September 2025. The new service will be governed by an inter authority collaborative agreement and no longer subject to the governance requirements of a joint committee.

The joint committee accounts are consolidated into the Council's Statement of Accounts on the assumption that going concern remains in place due to the school improvement activities being transferred to local authorities and also due to the regional service remaining in place, albeit at a reduced level.

A description of the Joint Committees is contained in Note 39 to the Statement of Accounts.

The accounting policies of the joint operations recognised in the Statement of Accounts are in line with those of the Authority.

Associates

WSP Glamorgan Consultancy Ltd (formerly Capita Glamorgan Consultancy) meets the definition of an associate. The Authority has significant influence over this associate as it has representation on the board of directors. Group Accounts are not prepared as the Authority's interest in WSP Glamorgan Consultancy is not considered material. For further details see Note 39.

WSP Glamorgan Consultancy Ltd is a Joint Venture between WSP and Bridgend, Merthyr Tydfil and Rhondda Cynon Taf County Borough Councils. The Council owns 6% of the shares of the company and holds voting rights to this value on the Board. The Joint Venture has been accounted for as an associate in the 2024/25 Statement of Accounts of the Council. The company will be wound down during 2025/26 whilst the residual matters are concluded.

1.12 Inventories

Inventories are included in the Balance Sheet at the last actual purchase price known. This does not comply with IAS 2 which requires valuation at the lower of cost and net realisable value. The departure from the accounting standard is not deemed to be material.

1.13 Leases

The Council adopted IFRS 16 from 1st April 2024, to recognise all right of use assets. In accordance with IFRS 16, the Council recognises a “right-of-use” (ROU) asset for leases where it is the lessee. The right-of-use asset is measured at the present value of the lease liability as at 1st April 2024, which includes any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are now on the balance sheet at 1st April 2024. Leases for items of low value and leases that expire on or before 31st March 2025 are exempt from the new arrangements. Depreciation is charged over the remaining asset life.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for these operating leases.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets, under £10k. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Where the Council is lessor and the lease is a finance lease (where the terms of the lease transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee), the lease payment receivable is recognised as a repayment of principal with the interest element of the payment being recognised in the Comprehensive Income and Expenditure Statement. No asset is recognised.

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

1.14 Property, Plant and Equipment Non-Current Assets

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 accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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.

De Minimis Limit

The Authority operates a Non-Current Asset de minimis limit of £10,000. This means that expenditure on non-current assets is only capitalised provided that the expenditure exceeds £10,000. On disposal all non-current assets with values less than £10,000 are written out of the Balance Sheet in accordance with The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 whereby receipts not exceeding £10,000 are not to be treated as capital receipts.

Measurement

Assets are initially measured at cost, comprising:

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

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

The costs of assets acquired other than by purchase is deemed to be its fair value.

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

- Infrastructure and assets under construction are shown at depreciated historical cost
- Community assets are valued at Existing Use Value
- Vehicles, plant, furniture and equipment are shown at depreciated historical cost
- Land and Operational properties are valued using Existing Use Value when market-based evidence is available. If there is no market-based evidence then they are valued using depreciated replacement cost.
- Land and Buildings componentised assets such as hardstanding and boilers are shown at depreciated replacement cost
- Surplus assets are shown at fair value

Donated Assets are those transferred for nil consideration or less than fair value. They are not included in the accounts since they are considered immaterial.

Valuation

Assets included in the Balance sheet at current value are revalued on a five year rolling basis to ensure their carrying amount is not materially different from their current value at the year end. 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.

Valuations are carried out by Avison Young, the Authority's independent valuers. A valuation of the whole portfolio was carried out at 31st March 2013. A revaluation of land and property is undertaken annually thereafter on the basis of a sample of assets. The sample will equate to approximately 20% of the Authority's portfolio being valued each year throughout the geography of the Authority. In addition there is also an annual revaluation of the ten highest value properties in the Authority's portfolio at the relevant balance sheet date. Avison Young also carry out an assessment of assets where Capital Expenditure has been incurred. The remainder of the asset population has been reviewed to consider whether there has been any material valuation movement by reference to nationally published indices.

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is subsequently reversed, 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:

- | | |
|--------------------------------------------|-----------------------------------------------------------------------|
| • Infrastructure – Culverts | up to 120 years |
| • Infrastructure – Roads and bridges | up to 40 years |
| • Infrastructure – Street Furniture | 25 years |
| • Vehicles, Plant, Furniture and Equipment | 5-10 years |
| • Operational properties | straight line over useful life of property as estimated by the valuer |
| • Finance Leases | Term of lease |
| • Surplus Assets | Asset life |

Land, Community Assets and Assets under construction are not depreciated. 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.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is 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 Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

1.15 Provisions and Contingent Liabilities

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

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

The nature of each provision is disclosed in Note 22 to the Statement of Accounts.

Contingent Liabilities

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

Contingent Liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts, refer to Note 37 of the Statement of Accounts.

1.16 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the Provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for expenditure.

The Authority's reserves, under the Code of Practice, are categorised between Usable and Unusable Reserves, as defined in the Narrative Report to these accounts, refer to notes 9 and 10.

Usable Reserves disclosed in the Balance Sheet are as follows:

The **Capital Receipts Reserve** represents the amount of capital receipts available to finance future capital expenditure.

The **Capital Grants Unapplied Account** represents capital grants and contributions received from Government and Non-government Departments where the terms and conditions of the grants and contributions have been met by the Authority but not yet applied to finance capital expenditure.

The **Insurance Fund** represents monies set aside to meet the Authority's potential future insurance liabilities and is not available to finance general unspecified expenditure.

Local Management of Schools Balances represent monies set aside by the Authority's schools to be used for individual school specific purposes and is not available to finance general unspecified expenditure.

Other Earmarked Balances represent monies set aside or relating to a specific purpose and are not available to finance general unspecified expenditure.

The **General Fund Balance** represents the monies available to the Authority to spend on general expenditure and is not earmarked for specific projects. Refer to the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement.

The **Consolidated Llwydcoed Crematorium Reserve** represents the distributable revenue reserve attributable to Merthyr Tydfil County Borough Council from the Llwydcoed Crematorium Joint Committee. The reserve consists of the accumulated surpluses of the Crematorium's operations.

The **Consolidated Central South Consortium Reserve** represents the distributable revenue reserve attributable to Merthyr Tydfil County Borough Council from the Central South Consortium Joint Committee. The reserve consists of the accumulated surpluses of the Consortium's operations.

The **Consolidated Cardiff Capital Region City Deal Reserve** represents the distributable revenue reserve attributable to Merthyr Tydfil County Borough Council from the Cardiff Capital Region City Deal Joint Committee. The reserve consists of the accumulated surpluses of the Joint Committee's operations.

Unusable Reserves disclosed in the Balance Sheet (refer to note 23) are as follows:

The **Revaluation Reserve** records unrealised revaluation gains/losses arising (since 1 April 2007) from holding non-current assets.

The **Capital Adjustment Account** provides a balancing mechanism between the different rates at which assets are depreciated under the Code of Practice and are financed through the capital controls system.

The **Financial Instruments Adjustment Account** provides a balancing mechanism between the different rates at which gains and losses are recognised under the Code of Practice and are required by statute to be met from the General Fund.

The **Accumulated Absences Adjustment Account** represents the Employee Benefits accrual calculated in compliance with International Accounting Standard (IAS) 19.

The **Pensions Reserve** represents an assessment of the pension liability in respect of retirement benefits earned to date by employees.

1.17 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Authority 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.

1.18 Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local Authority maintained schools lies within the local Authority. The code also stipulates that those school's assets, liabilities, reserves and cash flows are recognised in the local Authority financial statements as if they were the transactions, cash flows and balances of the Authority.

1.19 VAT

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

1.20 **Fair Value Measurement**

The Authority measures some of its non-financial assets such as surplus assets at fair value. 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

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

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

2.0 **Accounting Standards that have been Issued but have not yet been Adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements are:

- **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- **IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

- **IAS 16 and IAS 38** have an effective date of 1 January 2025. The 2025/26 Code introduces changes to the measurement of non-investment assets through adaptations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include three revaluation approaches for operational PPE, mandatory indexation for tangible non-investment assets, and the use of the historical cost model for intangible assets. Although these changes are equivalent to a

change in accounting policy that would normally require IAS 8 disclosures, the Code provides a specific exemption from IAS 8, as set out in paragraph 3.3.1.4 of the CIPFA Code.

The Authority does not expect any of the new or amended standards within the 2024/25 Code to have a material impact on the Financial Statements.

3.0 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There remains a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4.0 Assumptions made about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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.

Further details are included in Notes 23, 35 and 36 to the Statement of Accounts.

The items in the Authority's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual results differ from Assumptions
Property, Plant and Equipment	A source of uncertainty is the valuation of fixed assets, which depends on judgements made in relation to build costs, useful economic life as well as the condition and location of the assets. A firm of independent valuers is engaged to provide the Authority with expert advice about the assumptions applied (further information on the valuation is included in 1.14 of the Accounting Policies).	If the Useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £247,000 for Buildings and £282,000 for Infrastructure for every year that useful lives had to be reduced.
Fair Value Measurements	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). 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 Authority's assets and liabilities. Where level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.	The Authority uses a selection of valuation methods to measure the fair value of its surplus assets, financial assets and liabilities. The significant unobservable inputs used in the fair value measurement include management assumptions regarding regional factors (for some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement.

Provisions	Significant judgements relate to the requirement for accounting provisions. Details regarding the judgements made in determining the provision values at 31 st March 2025 are included within Note 22 to the Statement of Accounts.	An increase over the forthcoming year of 10% in the total number of insurance claims outstanding at year end would have the effect of adding £55,600 to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Aon Hewitt Limited, is engaged to provide the Authority with expert advice about the assumptions to be applied, refer to Note 36.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease to the Present value of the total obligation of £4.8m.
Arrears	At 31st March 2024, the Authority had amounts it was owed for items such as Sundry Debts, Council Tax and Housing Benefit overpayments. The Authority has made an allowance for non collection against these debts (totalling £12.961m excluding counterparty debt) of £1.644m (12.7%), however in the current economic climate it is not guaranteed that this level of allowance will be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment for doubtful debts would increase the provision to £3.29m

5.0 Material Items of Income and Expenditure

When items of income or expense are material, an Authority shall disclose their nature and amount separately.

There are no material items of income or expense to disclose for the 2024/25 financial statements.

6.0 Events after the reporting period

The draft Statement of Accounts was authorised by the Director of Finance on 23rd December 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no Events after the reporting period.

7.0 Note to the Expenditure and funding analysis

		Adjustments between Funding and Accounting Basis 2024/25		
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Social Services	315	(995)	11	(669)
Education	2,520	(1,184)	522	1,858
Regeneration, Investment & Housing	8,127	(492)	0	7,635
Neighbourhood Services	6,568	(477)	(60)	6,031
Governance and Resources	403	(313)	0	90
Finance	0	(415)	0	(415)
Corporate Costs	415	(75)	(32)	308
Net Cost of Services	18,348	(3,950)	441	14,839
Other income and expenditure from the Expenditure and Funding Analysis	(51,053)	1,199	152	(49,702)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	(32,705)	(2,751)	593	(34,863)

		Adjustments between Funding and Accounting Basis 2023/24		
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Social Services Directorate	186	(408)	33	(189)
Education Directorate	2,992	(471)	(912)	1,609
Economy and Public Protection Directorate	5,582	(162)	0	5,420
Neighbourhood Services Directorate	7,728	(210)	14	7,532
Governance and Resources Directorate	349	(153)	0	196
Finance	0	(190)	8	(182)
Corporate Costs	(810)	(30)	294	(546)
Net Cost of Services	16,027	(1,624)	(563)	13,840
Other income and expenditure from the Expenditure and Funding Analysis	(41,686)	2,777	17	(38,892)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	(25,659)	1,153	(546)	(25,052)

Adjustments for Capital purposes

Adjustments for capital purposes – this column adds in depreciation and impairments and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets
- **Financing and investment income and expenditure** – the statutory charges for capital financing – i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that 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 the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **The charge under Taxation and Non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought into future surpluses or deficits on the collection fund.

8.0 Expenditure and Income analysed by nature

Expenditure/Income	2024/25	2023/24
	£'000	£'000
Expenditure		
Employee Benefits Expenses	109,393	98,458
Other Service Expenses	130,501	119,441
Depreciation, amortisation, impairment	18,086	9,183
Interest Payments	7,520	5,945
Precepts and Levies	10,615	9,829
(Gain) or loss on the disposal of assets	(88)	44
Change in Fair Value of Investment Properties	70	95
Total expenditure	276,097	242,995
Income		
Fees charges and other service income	(20,235)	(19,249)
Interest and Investment Income	(2,353)	(1,784)
Income from council tax, non-domestic rates	(58,050)	(53,106)
Government Grants and Contributions	(228,294)	(188,290)
Total income	(308,931)	(262,429)
Surplus or Deficit on the Provision of Services	(32,834)	(19,434)

9.0 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 Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future

capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2024/25		Usable Reserves	
Adjustments to the Revenue Resources	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
	£'000	£'000	£'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements			
• Pensions costs	(2,751)	0	0
• Financial Instruments	(275)	0	0
• Holiday Pay	520	0	0
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in Relation to capital expenditure	32,225	0	0
Total adjustments to Revenue Resources	29,719	0	0
Adjustments between Revenue and Capital Resources			
• Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(397)	538	0
• Statutory Provision for the repayment of Debt	(4,016)	0	0
• Capital expenditure financed from revenue balances	(222)	0	0
• 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	348	0	0
Total adjustments between Revenue and Capital Resources	(4,287)	538	0
Adjustments to Capital Resources			
• Use of the capital receipts reserve to finance capital expenditure	0	0	0
• Application of capital grants to finance capital expenditure	(60,295)	0	(282)
Total Adjustments to Capital Resources	(60,295)	0	(282)
Total Adjustments	(34,863)	538	(282)

*The £60.295m of applied Capital Grants includes £47.537m of Capital Grants to finance new capital expenditure, £11.882 for the Council's Revenue Expenditure Funded from Capital Under Statute and £0.876m of grants relating to the Council's Joint Venture with the Cardiff Capital Region.

2023/24		Usable Reserves	
Adjustments to the Revenue Resources	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
	£'000	£'000	£'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements			
• Pensions costs	1,153		0
• Financial Instruments	49		0
• Holiday Pay	(934)		0
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in Relation to capital expenditure	17,716		0
Total adjustments to Revenue Resources	17,984	0	0
Adjustments between Revenue and Capital Resources			
• Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(555)	555	0
• Statutory Provision for the repayment of Debt	(2,664)	0	0
• Capital expenditure financed from revenue balances	(638)	0	0
• 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	339	0	0
Total adjustments between Revenue and Capital Resources	(3,518)	555	0
Adjustments to Capital Resources			
• Use of the capital receipts reserve to finance capital expenditure	0	0	0
• Application of capital grants to finance capital expenditure	(39,501)	0	475
Total Adjustments to Capital Resources	(39,501)	0	475
Total Adjustments	(25,035)	555	475

10.0 General and Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25:

	Balance at 1st April 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31st March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31st March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves	5,723	0	0	5,723	0	705	6,428
Balances held by schools under a scheme of delegation	3,949	(2,057)	162	2,054	(1,669)	475	860
Insurance Reserve	2,375	(399)	0	1,976	(490)	0	1,486
Other Reserves							
Budget Reserve	9,366	(5,662)	5,381	9,085	(2,193)	512	7,404
Wales Cyber Security Operation	3,314	-	-	3,314	(418)	178	3,074
Redundancy Cost Reserve	2343	(852)	-	1,491	(560)	200	1,131
Social Services Winter Pressures Reserve	909	(100)	-	809	(260)	-	549
Ffos-Y-Fran (Miller Argent) Account	828	(274)	40	594	(145)	334	783
Capital financing cost reserve	649	-	-	649	0.00	-	649
Capital earmarked reserve	555	(555)	-	-	(299)	550	251
Social Services Real Living Wage and Other pressures	555	(555)	-	-	-	-	-
Pay Award Reserve	467	(467)	-	-	-	750	750
HWB Sustainability Funding	429	-	271	700	-	272	972
City Deal reserve	389	-	-	389	-	-	389
Hardship Funding - Supporting Digital Transformation	319	-	-	319	-	-	319
Social Services Commitments Reserve	304	(304)	-	-	-	-	-
ISB Allocation Surplus Account	298	-	132	430	(449)	45	26
NRSWA Ring-fenced Earmarked Reserve	263	(61)	118	320	(54)	97	363
Ukrainian Refugee Programme	248	-	132	380	(148)	-	232
Neighbourhood Services Earmarked Reserve	236	(72)	-	164	(21)	-	143
BIFFA Profit Sharing Grant Account	163	(4)	-	159	-	-	159
Inspire Cash match	153	(153)	-	-	-	-	-
Regeneration Management costs	145	(56)	56	145	(17)	-	128

	Balance at 1st April 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31st March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31st March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Kickstart Grant Reserve	139	(139)	-	-	-	-	-
Communities For Work ESF Grant	134	(138)	4	-	-	-	-
Levelling Up Fund - capacity building	125	-	-	125	-	-	125
Waste Management Reserve	122	(24)	-	98	(17)	-	81
Business Change Reserve	117	(106)	-	11	(11)	-	-
Highways - S38 Road Agreements	114	-	12	126	-	3	129
Catering reserve	110	-	-	110	-	-	110
Aberfan Grove Field - Equipment Replacement	107	(8)	6	105	-	6	111
Welsh Government Preliminary flood defences risk assessment	101	(11)	-	90	-	-	90
COVID Business admin fees	101	(101)	-	-	-	-	-
Afon Taf Running Track	100	-	-	100	(24)	-	76
Planning Fee Reserve	100	(23)	-	77	(4)	-	73
Cost of Living Support Scheme - Discretionary Element	91	(50)	-	41	-	-	41
Working Skills for Adults and Bridges 2	77	(79)	2	-	-	-	-
Apprenticeships Programme Reserve	68	(68)	-	-	-	-	-
West Merthyr Inquiry	67	-	-	67	(37)	-	30
Bishop Hedley 3-16 Headteacher	47	(47)	-	-	-	-	-
Schools Broadband Installation Account	44	(23)	18	39	(42)	26	23
Decarbonisation Reserve	35	(35)	-	-	-	-	-
Building Maintenance Mutual Fund Balance	20	-	20	40	-	32	72
Recovery, transformation and improvement plan Reserve	11	(11)	-	-	-	-	-
Social Services Property Charges	0	-	600	600	-	-	600
Forest Schools - Reserve	0	-	-	-	(1)	5	4
Ukranian Move On Funding	0	-	-	-	(1)	4	3
Ukranian Discretionary Support	0	-	-	-	-	6	6
Ukranian Homelessness Support	0	-	-	-	(146)	146	-
Asylum Dispersal Programme	0	-	-	-	-	52	52
Resettlement & Dispersal	0	-	-	-	-	146	146
Social Care Workforce	0	-	-	-	-	40	40
Engineering & Highways Standby Reserve	0	-	-	-	-	20	20
Transformation Programme	0	-	-	-	-	500	500
Other	1,179	(523)	347	1,003	(375)	237	863

Single Entity Reserves							
Llwydcoed General Reserve	628	(29)	-	599	(3)	-	596
Central South Consortium General Reserve	11	-	-	11	(1)	-	10
Central South Consortium Earmarked Reserves	71	(35)	63	99	-	42	141
Cardiff Capital Region City Deal General Reserve	547	-	-	547	0	52	599
City Deal Earmarked Reserves	82	-	-	82	-80	0	2
Total	38,328	(13,021)	7,364	32,671	(7,466)	5,436	30,639

*The 2023/24 City Deal Earmarked Reserves have been amended by reducing them by £171,000. This reflects an amendment to the opening balance sheet shown in the City Deal accounts. This is also shown in the Movement on Reserves Statement.

11.0 Other operating expenditure

2023/24		2024/25
£'000		£'000
6,041	South Wales Police Precept	6,681
39	Bedlinog Community Council Precept	40
3,476	South Wales Fire and Rescue Authority Levy	3,609
273	Other Levies	285
44	(Gains)/losses on the disposal of non-current assets	(88)
9,873	Total	10,527

12.0 Financing and Investment Income and Expenditure

2023/24		2024/25
£'000		£'000
5,945	Interest payable and similar charges	7,520
2,779	Net interest on the net defined benefit liability (asset)	1,199
(1,784)	Interest receivable and similar income	(2,308)
95	Change in Fair Value of Investment Properties	0
7,035	Total	6,411

13.0 Taxation and “Non-specific” Grant Income and Expenditure

2023/24		2024/25
£'000		£'000
(34,078)	Council tax income	(37,029)
(19,024)	Non-domestic rates income	(21,021)
(99,590)	Non-ringfenced government grants (Revenue Support Grant)	(102,471)
(34,270)	Capital grants and contributions	(48,414)
(6)	Corporation Tax Cardiff Capital Region City Deal	8
(186,968)	Total	(208,927)

National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The government specifies an amount for the rate and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government (WG). The WG redistributes the sums payable back to the Authority on the basis of a fixed amount per head of population.

The total Non-Domestic Rateable Value as at 31st March 2025 was £41,170,420 (£41,794,638 as at 31st March 2024) with the Non-Domestic Rate Multiplier being £0.562 (56.2 pence) in the pound (£0.535

(53.5 pence) in the pound for 2023/24). The total number of chargeable properties for 2024/25 was 1,936 (2023/24 – 1,931). The net proceeds from Non-Domestic Rates in 2024/25 was £21,020,893 (2023/24 - £19,023,803).

Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands. Charges are calculated by taking the amount of income required for the forthcoming year and dividing this amount by the Council Tax base. The number of chargeable dwellings for Council Tax for 2024/25 was 27,546 (2023/24 – 27,498).

A breakdown of the chargeable dwellings over the nine valuation bands is as follows:

Dwellings 2023/24	Band	Range (Based on 1 April 2003 values)	Dwellings 2024/25
14,098	A	Not exceeding £44,000	14,120
6,671	B	Between £44,000 and £65,000	6,676
2,263	C	Between £65,000 and £91,000	2,271
2,196	D	Between £91,000 and £123,000	2,195
1,538	E	Between £123,000 and £162,000	1,545
565	F	Between £162,000 and £223,000	571
158	G	Between £223,000 and £324,000	159
2	H	Between £324,000 and £424,000	2
7	I	Exceeding £424,000	7
27,498			27,546

	Dwellings 2023/24	Tax Base 2023/24	Dwellings 2024/25	Tax Base 2024/25
Total Number of properties on the valuation list	27,498	27,498	27,546	27,546
Less Exempt properties 100%	858	(858)	821	(821)
Less Single Discounts 25%	10,027	(2,507)	10,216	(2,554)
Less Multiple Discounts 50%	67	(34)	51	(26)
Band D Conversion	0	(4,706)	0	(4,412)
Losses on Collection	0	(776)	0	(789)
Tax Base		18,618		18,945
Requirement for Merthyr Tydfil County Borough Council		34,039,674		37,406,918
Basic Band D tax for the year		1,828		1,975
Payable to South Wales Police		6,040,911		6,680,952
Band D tax for South Wales Police		324		353
*Total Band D tax for the year		2,153		2,327

*Band D community council addition for properties in Bedlinog £34.41 (£33.28 in 2023/24)

The basic amount for a Band D property 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	1	11/9	13/9	15/9	18/9	21/9

14.0 Property, Plant and Equipment

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 below note assumes that the carrying amount of the derecognised part of an infrastructure asset is nil.

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

	31/03/2025 £'000	31/03/2024 £'000
Infrastructure Assets	120,235	109,605
Other PPE Assets	282,039	237,493
Total PPE Assets	402,274	347,098

	Infrastructure Assets	
	31/03/2025	31/03/2024
	£'000	£'000
Net Book Value		
At 1 st April	109,605	101,079
Accquisitions/Additions	14,551	12,773
Derecognition - Disposals	0	0
Depreciation Charge	(4,674)	(4,247)
Impairment	(82)	0
Reclassification and Transfers	835	0
At 31st March	120,235	109,605

2024/25

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Other Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 st April 2024	188,485	11,263	15	6,055	42,535	248,353
Opening Balance Adjustment	6	23	0		5	34
Acquisitions/Additions	8,933	5,717	201	1,147	36,403	52,401
Revaluation Increases/Decreases recognised in the Revaluation Reserve	3,954	0	0	(419)	0	3,535
Surplus/Deficit on the Provision of Services	(4,266)	0	(201)	(1,937)	0	(6,404)
Derecognition - Disposals	(234)	0	0	(75)	0	(309)
Derecognition - Other	0	0	0	0	0	0
Reclassification and Transfers	5,782	0	0	(118)	(6,106)	(442)
At 31st March 2025	202,660	17,003	15	4,653	72,837	297,168
Accumulated Depreciation and Impairment						
At 1st April 2024	4,121	5,878	0	150	709	10,858
Opening Balance Adjustment	0	38	0	0	0	38
Depreciation Charge	5,359	2,352	0	61	0	7,772
Depreciation written out to the Revaluation Reserve	(2,830)	0	0	(55)	0	(2,885)
Surplus/Deficit on the Provision of Services	(574)	0	0	(9)	0	(583)
Impairment losses/(reversals) recognised in the Revaluation Reserve	17	0	0	0	0	17
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(98)	77	0	(71)	0	(92)
Derecognition - Disposals	0	0	0	0	0	0
Reclassification and Transfers	4	0	0	0	0	4
At 31st March 2025	5,999	8,345	0	76	709	15,129
Net Book Value						
At 31st March 2025	196,661	8,658	15	4,577	72,128	282,039
At 31 st March 2024	184,364	5,385	15	5,905	41,826	237,495

Within the Comprehensive Income and Expenditure Statement, a surplus of £6.406m is shown on the revaluation of Property, Plant and Equipment. This comprises revaluation increases of £3.535m and £2.885m of depreciation written out of the Revaluation Reserve, less £0.017m of impairments and £0.003m of revaluation movements relating to Heritage Assets (Note 15).

There are minor variances between the 2024/25 PPE Note opening balances and the 2023/24 closing balances due to additional trivial opening balance adjustments. When combined, the 2024/25 opening PPE balance of £237.495m and the 1 April 2024 infrastructure balance of £109.605m reconcile to the audited 2023/24 closing balance of £347.1m reported in the balance sheet (before restatement).

2023/24

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1st April 2023	184,294	8,109	15	5,587	14,893	212,898
Opening Balance Adjustment	0	(50)	0	0	19	(31)
Acquisitions/Additions	4,340	3,134	34	793	27,233	35,534
Revaluation Increases/Decreases recognised in the Revaluation Reserve	1,371	0	0	(15)	0	1,356
Surplus/Deficit on the Provision of	675	0	(34)	(329)	0	312
Derecognition - Disposals	(91)	0	0	0	0	(91)
Derecognition - Other	(1,544)	0	0	0	0	(1,544)
Reclassification and Transfers	(559)	51	0	38	472	2
At 31st March 2024	188,486	11,244	15	6,074	42,617	248,436
Accumulated Depreciation and Impairment						
As 1st April 2023	2,973	4,536	0	107	746	8,362
Opening Balance Adjustment	0	8	0	0	0	8
Depreciation Charge	4,366	1,305	0	62	0	5,733
Depreciation written out to the Revaluation Reserve	(2,615)	0	0	(12)	0	(2,627)
Surplus/Deficit on the Provision of Services	(630)	0	0	0	0	(630)
Impairment losses/(reversals) recognised in the Revaluation Reserve	91	0	0	(2)	0	89
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(44)	56	0	0	0	12
Derecognition - Disposals	(4)	0	0	0	0	(4)
Reclassification and Transfers	(9)	0	0	9	0	0
At 31st March 2023	4,128	5,905	0	164	746	10,943
Net Book Value						
At 31st March 2024	184,358	5,339	15	5,910	41,871	237,493
At 31 st March 2023	181,321	3,573	15	5,480	14,147	204,536

Capital Commitments

As at 31st March 2025, the Authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £58.329m. Similar commitments at 31st March 2024 were £68.940m. The major commitments at 31st March 2025 are as follows:

Capital Scheme	£'000
Playground Refurbishments	238
Design & Build Refurbishment of Pen y Dre	4,257
Design & Build new 3-16 Faith School	35,324
New Goetre Primary School	16,110
Project Management re 2 & 4 above	181
Pengarnddu	1,378
Heartlands / Dowlais Top	132
Treharris Library	159
Ty Dysgu	296
Trefechan	254
As at 31st March 2025	58,329

Revaluations

The Authority 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.

15.0 Heritage Assets**2024/25**

	Museum Collection	Civic Regalia	Historic Buildings	Monuments	Total Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1st April 2024	4,080	257	4,189	224	8,750
Accquisitions/Additions	0	0	138	0	138
Revaluation Increases/Decreases recognised in the Revaluation Reserve	0	0	24	0	24
Revaluation Increases/Decreases to Surplus/Deficit on the Provision of Services	0	0	108	0	108
At 31st March 2025	4,080	257	4,459	224	9,020
Accumulated Depreciation and Impairment					
At 1st April 2024	0	0	657	0	657
Depreciation Charge	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	21	0	21
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	(21)	0	(21)
At 31st March 2025	0	0	657	0	657
Net Book Value					
At 31st March 2025	4,080	257	3,802	224	8,363
At 31st March 2024	4,080	257	3,532	224	8,093

2023/24

	Museum Collection	Civic Regalia	Historic Buildings	Monuments	Total Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1st April 2023	4,080	257	4,124	224	8,152
Accquisitions/Additions	0	0	199	0	199
Revaluation Increases/Decreases recognised in the Revaluation Reserve	0	0	0	0	0
Revaluation Increases/Decreases to Surplus/Deficit on the Provision of Services	0	0	(134)	0	(134)
At 31st March 2024	4,080	257	4,189	224	8,750
Accumulated Depreciation and Impairment					
At 1st April 2023	0	0	657	0	657
Depreciation Charge	0	0	0	0	0
At 31st March 2024	0	0	657	0	657
Net Book Value					
At 31st March 2024	4,080	257	3,532	224	8,093
At 31st March 2023	3,788	257	3,226	224	7,495

The Authority's Heritage Assets include Cyfarthfa Castle within the historic buildings category. The Museum Collection includes Art, Ceramics, Porcelain work, figurines and instruments. The valuation of the Museum Collection is included at insurance valuation.

16.0 Financial Instruments**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.

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

	Non-Current		Current	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024
	£'000	£'000	£'000	£'000
Financial Assets				
Investments at Amortised Cost	815	358	17,079	21,122
Debtors:				
Gellideg Co-operative Loan	286	306	20	20
Welsh Water	61	0	0	0
Home Loans	617	593	0	0
VVP	0	201	200	324
Transforming Towns Loans	639	382	221	27
Other	1,163	649	0	0
Total Financial Assets	3,581	2,489	17,520	21,493
Non - Financial Assets	0	0	72,223	48,436
Total	3,581	2,489	89,743	69,929

	Non-Current		Current	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024
	£'000	£'000	£'000	£'000
Financial Liabilities				
Borrowings at Amortised Cost	155,778	95,036	21,363	53,423
Total Financial Liabilities	155,778	95,036	21,363	53,423
Non - Financial Liabilities				
Finance Lease and Other	5,126	3,407	0	0
Creditors	391	391	39,718	32,724

*31 March 2025 non-current/long term debtors, including Gellideg Co-operative Loan, Home Loans and Transforming Towns loan total £2.766m. 31 March 2025 non-financial assets of £72.223m, £0.020m Gellideg Co-operative loan, £0.200m loans and £0.221m Transforming Town Loans total £72.664m short-term debtors.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2024/25 Total	2023/24 Total
	Surplus or Deficit on the Provision of Services	Surplus or Deficit on the Provision of Services
	£'000	£'000
Interest Expense	7,520	5,945
Interest Revenue: Financial assets measured at amortised cost	(2,308)	(1,784)
Net (Gain)/loss for the year	5,212	4,161

Financial Instruments – Fair Values

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, using the following methods and assumptions:

- Loans borrowed by the Authority 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.
- 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.
- 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.

	Fair Value	31/03/2025		31/03/2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		£'000	£'000	£'000	£'000
<i>Financial Liabilities held at amortised cost</i>					
Long-term loans from PWLB	2	139,021	141,096	78,243	82,205
Long-term LOBO Loans	2			0	0
Other long term loans		16,757	6,760	16,793	7,543
Short term loans		21,363	17,999	53,423	1,972

The fair value for PWLB debt and market debt have been calculated using level 2 in the fair value hierarchy detailed above. Please see accounting policy 1.20 for further explanation.

Fair value disclosures have not been calculated for short term financial liabilities or short-term financial assets, including payables (creditors), receivables (debtors) and temporary investments as the carrying amount is a reasonable approximation of fair value.

17.0 Short-term Debtors

The breakdown of Debtors is as follows:

	31/03/2025	31/03/2024
	£'000	£'000
Trade receivables	11,427	10,886
Prepayments	911	1,664
Other receivable amounts	60,326	36,293
Total	72,664	48,843

18.0 Debtors for local taxation

The past due but not impaired amount for local taxation (Council Tax) can be analysed by age as follows:

	31/03/2025	31/03/2024
	£'000	£'000
Up to 1 Year	2,619	2,476
Between 1 and 2 Years	1,733	1,530
Between 2 and 3 Years	1,207	1,293
Between 3 and 4 Years	1,057	1,068
Between 4 and 5 Years	859	753
Greater than 5 Years	2,176	1,977
Total	9,651	9,097

19.0 Cash and Cash Equivalents

This balance recognises the net cash position of the Authority in providing its services to the public. The balance is as follows:

31/03/2024		31/03/2025
£'000		£'000
6,072	Bank Current Accounts	5,004
6,072	Total Cash and Cash equivalents	5,004

20.0 Assets Held for Sale

The breakdown of assets held for sale is as follows:

	Non-current	
	2024/25	2023/24
	£'000	£'000
Balance outstanding at the start of the year	398	653
Assets newly classified as held for sale	0	275
Revaluation losses	0	0
Revaluation gains	0	0
Impairment losses	0	0
Assets declassified as held for sale	(388)	0
Assets sold	0	(530)
Balances outstanding at year end	10	398

Assets held for sale at 31st March 2025 comprise of land surplus to requirement.

21.0 Short-term Creditors

The breakdown of Creditors is as follows:

	31/03/2025	31/03/2024
	£'000	£'000
Trade Payables	(26,825)	(24,583)
Other Payables	(12,893)	(8,007)
Total	(39,718)	(32,590)

22.0 Provisions

The balance on provisions at 31st March 2025 is derived as follows:

	Insurance Claims	Pengarnddu	City Deal	Total
	£'000	£'000	£'000	£'000
Balance at 1st April 2024	(514)	(1,283)	(109)	(1,906)
Additional provisions made in 2024/25	(320)	0	0	(320)
Amounts used in 2024/25	273	0	0	273
Unused amounts reversed in 2024/25	5	0	(8)	(3)
Balance at 31st March 2025	(556)	(1,283)	(117)	(1,956)

The Authority expects that the provisions recognised at 31st March 2025 will substantially be utilised within 12 months of that date, the split of short and long term provisions is as follows:

	2023/24			2024/25		
	Short term	Long term	Total	Short term	Long term	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Insurance Claims	(205)	(309)	(514)	(222)	(334)	(556)
Pengarnddu	(1,283)	0	(1,283)	(1,283)	0	(1,283)
City Deal	0	(1,215)	(1,215)	(1,112)		(1,112)
	(1,488)	(1,524)	(3,012)	(2,617)	(334)	(2,951)

Insurance Claims Provision

This provision reflects the Authority's outstanding insurance claims obligations at 31st March 2025. There is an uncertainty around the timing and value of this obligation. Claims are settled when they reach Court, depending on the specific circumstances of the case this can take varying time.

Pengarnddu Provision

The provision consists of monies set aside for the costs of removing several thousand tonnes of residual waste on land at Pengarnddu that was left by a previous occupier. Due to the volume and nature of waste the actual timing for clearing the site is not certain.

City Deal Provision

This balance is as a result of including the Authority's Share of 3.94% of the Cardiff Capital Region City Deal (Note 39)

23.0 Unusable Reserves

The breakdown of Unusable Reserves at 31st March 2025 is as follows:

31/03/2024		31/03/2025
£'000		£'000
51,198	Revaluation Reserve	55,937
(2,159)	Financial Instruments Reserve	(1,713)
167,617	Capital Adjustment Account	201,401
(32,162)	Pensions Reserve	(28,181)
(2,418)	Accumulated Absences Account	(2,939)
182,076	Total Unusable Reserves	224,505

Total Unusable Reserves as at 31 March 2024 shown in the above note are before the trivial restatement noted on the Balance Sheet Statement.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated in the Capital Adjustment Account.

2023/24		2024/25
£'000		£'000
49,074	Balance at 1st April	51,198
0	Opening Balance Adjustment	0
6,337	Upward revaluation of assets	7,546
(2,166)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(1,140)
4,171	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	6,406
(1,504)	Difference between fair value depreciation and historical cost depreciation	(1,558)
(543)	Accumulated gains on assets sold or scrapped	(109)
(2,047)	Amounts written off to the Capital Adjustment Account	(1,667)
51,198	Balance at 31st March	55,937

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs such as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

2023/24 £'000			2024/25 £'000
142,418	Balance at 1 st April		167,617
16	Opening Balance Adjustment		19
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
(9,767)	• Charges for depreciation and impairment of non current assets	(11,870)	
587	• Revaluation gain/loss on property, plant and equipment	(6,367)	
(7,949)	• Revenue expenditure funded from capital under statute	(13,680)	
(617)	• 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	(309)	
(17,746)		(32,226)	
2,023	Adjusting amounts written out to the Revaluation Reserve	1,666	
(15,723)	Net written out amount of the cost of non-current assets consumed in the year		(30,560)
0	Capital financing applied in the year:		
	• Use of Capital Receipts Reserve to finance new capital expenditure	(141)	
37,394	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	60,295	
549	• Application of grants to capital financing from the Capital Grants Unapplied Account	282	
2,664	• Statutory provision for the financing of capital investment charged against the General Fund	4,015	
638	• Capital Expenditure charged against the General Fund	222	
(339)	• 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	(348)	
40,906			64,325
0	Movements in the market Value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		0
167,617	Balance at 31 st March		201,401

Depreciation and impairment of non-current assets of £11.870m equates to Property, Plant and Equipment of £7.772m, less £0.583m written off to the Revaluation Reserve, plus £0.017m of impairments, less £0.092m of impairment reversals, plus £4.674m of infrastructure depreciation and £0.082m of Infrastructure impairments (note 14), plus £0.021m of heritage asset depreciation, less £0.021m of Heritage asset impairment (note 15).

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 Authority 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 General Fund Balance through the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on the Council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2023/24		2024/25
£'000		£'000
(2,110)	Balance at 1st April	(2,159)
42	Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory	0
(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	196
(2,159)	Balance at 31st March	(1,963)
0	City Deal Revaluation through Comprehensive Income and Expenditure Account	250
(2,159)	Balance at 31st March	(1,713)

The single entity Financial Instruments Adjustment Account is £1.963m

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 Authority 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 Authority 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 Authority 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.

2023/24		2024/25
£'000		£'000
(64,910)	Balance at 1st April	(32,162)
33,911	Actuarial gains/(losses) on pensions assets/liabilities	51,131
0	Asset Restriction Adjustments	(49,899)
(11,918)	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	(10,386)
11,330	Employer's pensions contributions and direct payments to pensioners payable in the year	12,426
(575)	Net adjustments to Pension strain	709
(32,162)	Balance at 31st March	(28,181)

Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave 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.

2023/24 £'000		2024/25 £'000
(3,353)	Balance at 1st April	(2,418)
3,349	Settlement or cancellation of accrual made at the end of the preceding year	2,414
(2,414)	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	(2,935)
(2,418)	Balance at 31st March	(2,939)

24.0 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2023/24 £'000		2024/25 £'000
1,517	Rents (after rebates)	1,343
33,367	Council Tax receipts	44,246
19,024	National non-domestic rate receipts from national pool	20,715
99,590	Revenue Support Grant	102,471
14,657	DWP grants for benefits	13,024
40,671	Other government grants	40,695
1,843	Interest received	2,371
20,378	Cash received for goods and services	17,530
12,121	Other operating cash receipts	0
243,168	Cash Inflows Generated from Operating Activities	242,395
(96,289)	Cash paid to and on behalf of employees	(111,787)
(117,278)	Cash Payments to Suppliers	(107,510)
(5,628)	Interest paid	(6,496)
(14,275)	Housing Benefit paid out	(13,822)
(3,749)	Levies paid	(3,894)
(6,080)	Precepts	(6,721)
(243,299)	Cash Outflows Generated from Operating Activities	(250,230)
(131)	Net Cash Flows from Operating Activities	(7,835)

25.0 Cash Flow Statement – Investing Activities

2023/24		2024/25
£'000		£'000
(45,794)	Purchase of Property, Plant and Equipment	(60,854)
(7,949)	Other capital cash payments	(14,097)
(398,375)	New Short term and long term investments made	(944,158)
402,770	Repayments of investments	947,521
555	Sale of fixed assets	38
26,776	Capital grants received	50,400
(22,017)	Net Cash Flows Generated from Investing	(21,150)

26.0 Cash Flow Statement – Financing Activities

2023/24		2024/25
£'000		£'000
1,615	New long-term loans raised	81,092
133,500	New short-term loans raised	52,025
(112,991)	Repayments of amounts borrowed	(105,200)
22,124	Cash Flows Generated from Financing Activities	27,917

27.0 Pooled Budgets**Integrated Community Equipment Store**

The authority has entered into a pooled budget arrangement with the Integrated Community Equipment Store for the provision of specialist equipment and services to clients in the community. The partnership currently comprises Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council, Bridgend County Borough Council and Cwm Taf Morgannwg University Health Board. This partnership was formalised with the introduction of a Section 33 Agreement (The Agreement) in accordance with Section 33 of the National Health Service (Wales) Act 2006 together with the NHS bodies and Local Authorities (Partnership Agreements) Wales regulations 2000 SI 2993 as amended. Partners contribute an underlying contribution in line with those covered by the Section 33 agreement. Any deficit or surplus arising on the pooled budget is adjusted at the end of the financial year based on the actual spend on community equipment for each partner.

The pooled budget is hosted by Rhondda Cynon Taf County Borough Council on behalf of all partners to the agreement. For 2024/25 Merthyr Tydfil County Borough Council paid a contribution of £230,451 (£187,959 for 2023/24) into the pool, total partner income for 2024/25 was £3,509,599 (£3,444,487 for 2023/24), total pool expenditure for 2024/25 was £3,644,254 (£3,433,009 for 2023/24).

Cwm Taf Care Home Accommodation Pooled Fund

The Cwm Taf Social Services and Wellbeing. Partnership Board are required to establish and maintain a pooled fund in relation to the exercise of their care home accommodation functions; these duties took effect from 6 April 2018. The pooled fund is hosted by Rhondda Cynon Taff County Borough Council on behalf of all partners to the agreement, who are Cwm Taf Morgannwg University Health Board and Merthyr Tydfil County Borough Council. The Care

Home Pooled Fund is managed by the Residential & Nursing Care Pooled Fund Manager under the direction of the Cwm Taf Care Home Accommodation Pooled Fund Operational Management Board

Lead service commissioners are responsible for commissioning & contracting placements and the subsequent payments relating to those services. Variation of anticipated spend, either negative or positive remain the responsibility of the Party/Lead Commissioner to which the variation relates.

For 2024/25 Merthyr Tydfil County Borough Council paid a contribution of £7,433,742 (£6,398,024 for 2023/24) into the pool, total partner income was £76,689,741 for 2024/25 (£70,242,348 for 2023/24) and total pool expenditure was £76,257,175 (£60,990,928 for 2023/24).

28.0 Members' Allowances

The Authority paid the following amounts to members of the council during the year.

	2024/25	2023/24
	£'000	£'000
Salaries and Allowances	768	741
Pension Contributions	87	81
National Insurance Contributions	67	63
Expenses	0	1
Balance at 31st March	922	886

29.0 Officers' Remuneration

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

2024/25	Salary, Fees and Allowances	Compensation for loss of Office	Pension Contributions	Exit Package	Total
	£	£	£	£	£
Chief Executive	139,372	-	30,383	-	169,755
Deputy Chief Executive ***	81,609	-	17,723	-	99,332
Director of Social Services	106,172	-	23,146	-	129,318
Director of Education	106,172	-	23,146	-	129,318
Director of Neighbourhood Services	102,500	-	22,345	-	124,845
Head of Finance **	39,238	-	8,554	-	47,792
Director of Governance & Resources *	45,250	-	9,864	-	55,114
Head of Engineering & Highways	85,664	-	18,675	-	104,339
Head of Legal & Monitoring Officer	84,503	-	18,422	-	102,925
Head of Adult Services	80,831	-	17,621	-	98,452
Head of Communications, Consultation & Cabinet	80,068	-	16,917	-	96,985
Head of Achievement & Wellbeing	77,945	-	16,895	-	94,840
Head of People Services & Transformation	76,809	-	16,744	-	93,553
Head of Children Social Services & Safeguard	75,955	-	16,558	-	92,513
Head of Public Protection	73,280	-	15,975	-	89,255
Head of Community Wellbeing Prevention	72,296	-	15,761	-	88,057
Head of ICT	72,296	-	15,761	-	88,057
Head of Additional Learning Needs & Inclusion	72,296	-	15,761	-	88,057
Head of School Planning, Performance & Resources	72,296	-	-	-	72,296
Head of Regeneration, Investment & Housing *	60,108	-	13,104	-	73,212
Chief Finance Officer ** (old post)	23,141	-	4,822	-	27,963
Head of Revenues, Benefits & Customer Services	18,744	24,780	3,377	83,400	130,301

Total	1,646,545	24,780	341,554	83,400	2,096,279

The highest paid employee during 2024/25 was the Chief Executive, whose remuneration of £139,372 excluding pension contributions was 5.03 times the median remuneration of the workforce £27,711. There Chief Executives salary includes returning officer fees of £6,870.

There were two new posts during the year:

- Head of Regeneration, Investment & Housing * – post commenced 06/01/2025
- Director of Governance & Resources * – post commenced 01/10/2024

The following positions were held by two officers during the year:

- Head of Finance ** - Employment ceased 14/07/2024
New post commenced on the 01/11/2024
- Deputy Chief Executive *** - Employment ceased 01/01/2025
- Head of Revenues, Benefits & Customer Service **** - Employment ceased 09/06/2024. Exit package relates to Early Pension Payments to RCT as Pension provider £83,400 paid over 3 years from 2025/26 onwards.

2023/24	Salary, Fees and Allowances	Compensation for loss of Office	Pension Contributions	Exit Package	Total
	£	£	£	£	£
Chief Executive	129,270	-	28,180	-	157,450
Deputy Chief Executive	105,377	-	22,972	-	128,349
Director of Social Services	90,242	-	19,673	-	109,915
Director of Education	90,242	-	19,673	-	109,915
Director of Neighbourhood Services	86,660	-	18,892	-	105,552
Head of Legal & Monitoring Officer	82,454	-	17,975	-	100,429
Head of Adult Services	78,859	-	17,191	-	96,050
Head of Engineering & Highways	78,859	-	17,191	-	96,050
Head of Revenues, Benefits & Customer Services	76,480	-	16,673	-	93,153
Head of Achievement & Wellbeing	75,060	-	16,363	-	91,423
Head of Communications, Consultation & Cabinet	71,746	-	15,641	-	87,387
Head of Prevention	70,555	-	15,378	-	85,933
Head of ICT	70,532	-	15,376	-	85,908
Head of Public Protection	70,551	-	15,376	-	85,927
Head of Additional Learning Needs & Inclusion	70,532	-	15,376	-	85,908
Head of Planning, Performance & Resources	70,532	-	-	-	70,532
Head of HR & Org. Development	65,772	-	14,338	-	80,110
Chief Finance Officer * (old post)	50,080	-	10,635	-	60,715
Chief Finance Officer *	30,335	-	6,613	-	36,948
Head of Children Services ** (old post)	28,291	-	4,849	-	33,140
Head of Children Services **	49,356	-	10,760	-	60,116
Head of Housing & Regeneration ***	19,715	21,605	4,298	139,290	184,908
Total	1,561,500	21,605	323,423	139,290	2,045,818

The highest paid employee during 2023/24 was the Chief Executive, whose remuneration of £129,270 excluding pension contributions was 4.89 times the median remuneration of the workforce £26,421. There were no Returning Officer payments.

The following positions were held by two officers during the year:

- Chief Finance Officer * - Employment ceased 03/11/2023
New post commenced on the 06/11/2023
- Head of Childrens Services ** - Employment ceased 16/07/2023
New post commenced on the 24/07/2023
- Head of Housing & Regeneration *** - Employment ceased 30/06/2023. Exit package relates to Early Pension Payments to RCT as Pension provider £139,290 paid over 3 years from 2024/25 onwards.

The number of employees (excluding voluntary aided schools) receiving more than £60,000 remuneration for the year (including redundancy payments and excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2024/25	2023/24
	Number of Employees	Number of Employees
£60,000 - £64,999	11	11
£65,000 - £69,999	9	13
£70,000 - £74,999	12	10
£75,000 - £79,999	6	13
£80,000 - £84,999	12	3
£85,000 - £89,999	5	2
£90,000 - £94,999	1	3
£95,000 - £99,999	0	2
£100,000 - £104,999	3	3
£105,000 - £109,999	4	4
£110,000 - £114,999	3	0
£115,000 - £119,999	1	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £134,999	0	0
£135,000 - £140,000	1	0
	68	65

The table above includes disclosures for Senior Officers that are also disclosed within the first two tables of this note.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band	Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	15	9	15	9	171	81
£20,001 - £40,000	3	11	3	11	85	306
£40,001 - £60,000	1	9	1	9	51	431
£60,001 - £80,000	0	2	0	2	0	142
£80,001 - £100,000	0	3	0	3	0	263
£100,001 - £150,000	0	3	0	3	0	358
£150,001 - £200,000	0	1	0	1	0	193
Total cost included in bandings and in the CIES	19	38	19	38	307	1,774

30.0 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections:

	2024/25 £'000	2023/24 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	249	201
Fees payable in respect of statutory inspections	118	115
Fees payable for the certification of grant claims and returns for the year	47	46
Total	414	362

External Audit fees shown are in accordance with the fees set out in the External Audit Plan, as presented to Governance and Audit Committee on the 24 November 2025.

31.0 Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2024/25:

	2024/25 £'000	2023/24 £'000
Credited to Taxation and Non-specific Grant Income and Expenditure		
Revenue Support Grant	(102,471)	(99,590)
Non-Domestic Rates	(21,021)	(19,024)
<u>Capital Grants and Contributions</u>		
General Capital Grant	(1,483)	(1,605)
Sustainable Communities for Learning	(30,745)	(19,564)
Storm Damage Grant	(1,725)	(3,884)
Active Travel Fund	(803)	(3,158)
Housing with Care Fund (HCF)	(2,605)	(1,455)
Transforming Towns	574	(849)
Local Transport Fund	(539)	(254)
Resilient Roads Fund	(557)	(381)
Local Places for Nature Grant	(644)	(355)
EV Charging Infrastructure Grant	0	(140)
City Deal Capital Grants and Contributions	(876)	(1,095)
Other Capital Grants and Contributions	(3,570)	(1,530)
Penyard Rd Retaining Wall & Flood Protection	(120)	0
Emergency Works - Storm Bert / Darrah	(4,481)	0
Access Improvement Grant	0	0
Shared Prosperity Fund	(839)	0
Total	(171,905)	(152,884)

*The net amount for Transforming Towns Capital Grants is given by updated accounting estimates between the 2023/24 and 2024/25 financial years.

	2024/25	2023/24
Credited to Services	£'000	£'000
<u>Education Directorate</u>	-	-
Education Grant	(5,485)	(3,770)
Pupil Deprivation Grant	(3,006)	(2,687)
Education Improvement Grant	(3,866)	(2,168)
Central South Consortium Collaboration Grants	(130)	(305)
Misc Central South Consortia Grants	(98)	(144)
Shared Prosperity Fund	0	(1,169)
Curriculum Reform	(215)	0
ALN Innovation Grant	(733)	0
Additional LG Revenue & Capital Grant For 2024-25	(888)	0
Milk Grant	(118)	0
Export Health Certificate funding	(159)	0
Early Years Capital Grant (REFCUS)	(113)	0
Other Revenue Grants	(368)	(835)
<u>Social Services Directorate</u>		
Children and Communities Grant	(5,701)	(5,363)
Regional Integrated Fund (RIF)	(1,083)	(641)
Workforce and Sustainability Grant	(963)	(962)
Inspire 2 Achieve	0	(1)
Youth Service Revenue Grant	(320)	(320)
Education Grant	(275)	(243)
Inspire 2 Work	0	1
Social Care Winter Pressures Grant	(190)	0
Intermediate Care Fund	(158)	0
Supporting Sustainable Social Services	(770)	0
WG Eliminating Profit	(588)	(524)
Shared Prosperity Fund	0	(951)
Other Revenue Grants	(613)	(1,230)

	2024/25	2023/24
<u>Economy and Public Protection</u>	<u>£'000</u>	<u>£'000</u>
Shared Prosperity Fund	(12,218)	(2,926)
Shared Prosperity Fund (REFCUS)	(4,517)	(133)
Dragon Park	(2,228)	0
High Street Properties	(1,556)	0
Small Grants	(1,537)	0
Transforming Towns Capital Grant	(790)	0
Children and Communities Grant	(466)	(682)
Other Revenue Grants	(310)	(2,988)
RTA Metro	(289)	0
VAWDASV Capital Grant	(252)	0
Sports Wales	(224)	0
National Exercise Referral Scheme	(178)	0
Local Transport Fund	(124)	(59)
Enable Capital Grant	(117)	0
Disabled Facilities Grant	(107)	0
Aspire	(105)	0
Concessionary Fares Grant	0	(1,030)
Domestic Abuse Grant	0	(448)
Housing Support Grant	0	(2,939)
Housing First for Young People	0	(326)
Homelessness No One Left Out Funding	0	(475)
UK Community Renewal Fund	0	(5)
Ukrainian Resettlement Programme	0	(166)
Communities for Work	0	(29)
Transforming Towns Grant	0	(133)
<u>Neighbourhood Services</u>		
Coal Tip Safety Grant	(229)	(107)
Residual Waste Grant	(315)	(312)
Sustainable Waste Management Grant	(269)	(273)
Shared Prosperity Fund	0	(2,019)
Dragon Park (2023/24)	0	(1,257)
RTA Metro Plus Scheme - Merthyr Rail Station	0	(1,326)
Other Revenue Grants	(347)	(720)
<u>Governance and Resources</u>		
Regional Integrated Fund (RIF)	0	(615)
Shared Prosperity Fund	(46)	(106)
Connected Care Scheme	(150)	0
Supporting People	(3,144)	0
Concessionary Fares	(1,234)	0
Violence Against Women, Dom. Abuse, and Sex. Violence	(533)	0
WG - Homelessness No One Left Out Funding	(343)	0
Housing First for Young People Grant	(326)	0
Bus Network Grant	(323)	0
WG - Discretionary Homelessness Prevention Grant	(202)	0
Homelessness - Housing First & Emphasis	(200)	0
Community Cohesion Grant	(157)	0
Local Transport Services Grant	(154)	0
Ukrainian Resettlement Programme	(112)	0
PCC - Victims and Vulnerability Grant	(100)	0
Other Revenue Grants	(457)	(736)

-	2024/25	2023/24
<u>Corporate</u>	£'000	£'000
Housing Benefit Subsidy	(13,871)	(14,100)
	0	
	(215)	0
	0	(307)
	(144)	0
	(240)	0
	(1,042)	0
	(28)	(345)
<u>Finance</u>		
NNDR Administration Grant	(113)	0
	(262)	0
	(106)	0
	(1,890)	0
Local Government Hardship Fund	0	(214)
	0	
Total	(77,410)	(56,092)

Total Grants and non-domestic income of £249.315m (£171.905m and £77.410m) equates to total Government Grants and Contributions of £228.294m (Note 8) and £21.021m of non-domestic rates income shown in Note 13.

	2024/25
Current Liabilities	£'000
Grants Receipts in Advance (Revenue Grants)	
Long term plan for towns grant	(203)
Mind Our Futures Grant	(300)
Local Food Partnership grant	(60)
Sustainable Food Partnership Fund	(36)
Flex Funding	(38)
Direct Food Support Fund	2
Summer Healthy Eating Programme Grant	(5)
Adult Education Grant	(5)
Electoral Reform Support Grant	(3)
Museum Grant - GEM Art Scholars enriching lives programme 2025-27	(1)
Electoral Integrity New Burdens Fund	(40)
Education Grant	(12)
Total	(703)

	2024/25
Current Liabilities	£'000
Capital Grants Unapplied Reserve	
Transforming Towns Grant	(14)
Community Infrastructure Levy	(793)
High Street Properties	(65)
Heartlands (RCT)	(12)
ALN Grant 2023/24	(16)
Local Transport fund	(93)
AT Floodlights	(415)
Food Partnership 2024/25	(13)
AIG 24/25	(6)
Business Enterprise Grants / SPF Various	(6)
Total	(1,432)

Agency Transactions

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

2023/24	Scheme	2024/25
£000's		£000's
62	Ukrainian Resettlement Programme - Sponsor payments	49

32.0 Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

Central Government (i.e. Welsh Government) has effective control over the general operations of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from government departments are set out in note 31. Welsh Government grant receipts of £11,727,489 were outstanding at 31st March 2025 and £11,727,489 were outstanding as at 31st March 2024.

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in note 28. Interests in other organisations held by members and their close family have been identified by an

inspection of the Members' and Officers' Declaration of Interest Register and are set out in the table below.

Officers - details of officers' emoluments are shown in note 29 to the Core Financial Statements. Interests in other organisations held by senior officers and their close family have been identified and are set out in the table below.

Joint Operations - the Authority is involved in a number of joint operations, the details of which are shown in note 39.

Precepts and Levies are shown in note 11.

Other Bodies – the Authority is represented on a number of other outside bodies, and these are set out in the table below.

	In-year Transactions 2024/25		Balances at 31/03/2025	
	Expenditure incurred by Authority £000	Income received by Authority £000	Owed by Authority (Creditors) £000	Owed to Authority (Debtors) £000
Description				
Companies / voluntary bodies in which Members' interests declared				
Funky Cabs Ltd	49	0	0	0
Voluntary Action Merthyr Tydfil	138	0	(23)	0
Cwm Taf Morganwg Mind / Merthyr & The Valleys Mind	38	(8)	0	0
Stephen & George Charitable Trust	73	(1)	(1)	1
Merthyr Tydfil Institute for the Blind	401	0	(31)	0
Nursery Rhymes Playgroup	94	(4)	0	4
Treharris Boys & Girls Club	24	0	0	0
Dwylo Bach Pre-School	106	0	0	0
Cwm Taf Care & Repair	299	0	0	0
Little Acorns Pre School Playgroup	63	0	(6)	0
Other companies / voluntary bodies in which Members' interests declared	4	(2)	0	0
Companies / voluntary bodies in which Officers' interests declared				
The Big Heart of Merthyr Tydfil	133	(2)	0	0
Merthyr Tydfil College	349	(6)	(65)	0
JV Redstart WSP (formerly Capita) Glamorgan Consultancy	583	0	(79)	0
Outside Bodies on which the Authority is represented				
Merthyr Tydfil Leisure Trust	33	(153)	0	624
Merthyr Valleys Homes	378	(172)	0	312
Safer Merthyr Tydfil	810	(1)	(268)	0
Citizen Advice Bureau	550	(1)	(89)	0
Welsh Local Government Association	119	(556)	(16)	79
Glamorgan Archives Joint Committee	55	0	0	0
Cwm Taf Morganwg Public Service Board	38	0	0	0
Cyfarthfa Foundation	461	(22)	(3)	1
Other bodies on which the Authority is represented	3	(1)	0	0

*The Authority provided a loan to Merthyr Valleys Homes in the 2014/15 financial year, and the balance outstanding as at 31st March 2025 is £306,000. The Authority is represented on the Board.

	In-year Transactions 2023/24		Balances at 31/03/2024	
	Expenditure incurred by Authority £000	Income received by Authority £000	Owed by Authority (Creditors) £000	Owed to Authority (Debtors) £000
Description				
Companies / voluntary bodies in which Members' interests declared				
JV Redstart (Capita Glamorgan Consultancy)	1,090	0	(438)	0
Voluntary Action Merthyr Tydfil	150	0	0	0
The Cyfarthfa Foundation	453	(1)	0	0
Stephen & George Charitable Trust	61	(1)	(2)	1
Merthyr Tydfil Institute for the Blind	420	0	(93)	0
Nursery Rhymes Playgroup	88	0	(6)	0
Dwylo Bach Pre-School	100	0	(1)	0
Cwm Taf Care & Repair	188	0	(18)	0
Little Acorns Pre School Playgroup	72	0	(1)	0
Cefn Coed Rugby Club	61	(1)	0	0
Funky Cabs Ltd	36	0	(3)	0
3G's Development Trust	6	0	0	0
Cwm Taf Morganwg Mind / Merthyr & The Valleys Mind	34	(1)	0	0
Fir Tree Centre	19	0	0	0
Treharris Boys & Girls Club	42	0	0	0
Other companies / voluntary bodies in which Members' interests declared	76	(4)	0	23
Companies / voluntary bodies in which Officers' interests declared				
The Big Heart of Merthyr Tydfil	80	(10)	0	0
Merthyr Tydfil College	302	(3)	(106)	0
Outside Bodies on which the Authority is represented				
Merthyr Tydfil Leisure Trust	3,363	(23)	(62)	450
Merthyr Valleys Homes*	369	(185)	0	370
Safer Merthyr Tydfil	765	(2)	(201)	0
Citizen Advice Bureau	262	(1)	(74)	0
Welsh Local Government Association	103	(413)	0	39
Glamorgan Archives Joint Committee	54	0	0	0
Cwm Taf Morganwg Public Service Board	38	0	0	0
Other bodies on which the Authority is represented	2	0	0	0

*The Authority provided a loan to Merthyr Valleys Homes in the 2014/15 financial year, and the balance outstanding at 31st March 2024 is £326,400. The Authority is represented on the Board.

33.0 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Minimum Revenue Provision

Under the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, Local Authorities are required to charge to their revenue account for each financial year a Minimum Revenue Provision (MRP) to account for the cost of their debt in that financial year. Regulation 21 set out the method Authorities were required to follow in calculating MRP.

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008, the detailed calculation was replaced with a requirement that local authorities calculate an amount of MRP which they consider to be prudent. The broad aim of prudent provision is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits.

The following has been applied for the 2024/25 accounts in calculating the provision:

- The MRP has been charged to revenue under option 3b) the Asset Life Annuity Method, since it recognises the time value of money thus protecting current and future generations.

	2024/25	2023/24
	£'000	£'000
<i>Opening Capital Financing Requirement</i>	143,701	128,488
<i>Capital Investment</i>		
Property, Plant and equipment	61,847	48,436
Investment Properties	0	0
Revenue Expenditure Funded from Capital under Statute	13,680	7,949
Joint Committee Adjustments	(123)	114
Additional Right-of-Use assets recognised in year	5,244	0
<i>Sources of finance</i>		
Minimum Revenue Provision - Right-of-Use Assets	(1,460)	0
Government grants and other contributions	(59,701)	(37,940)
Direct revenue Contributions	(222)	(682)
Minimum Revenue Provision	(2,556)	(2,664)
<i>Closing Capital Financing Requirement</i>	160,410	143,701
Additional Assets acquired under Right-of Use	5,244	0
Minimum Revenue Provision - Right-of-Use Assets	(1,460)	0
Increase in underlying need to borrow (supported by government financial assistance)	1,557	1,563
Increase in underlying need to borrow (unsupported by government financial assistance)	14,047	16,200
Impact of Joint Committees	(123)	114

	2024/25	2023/24
	£'000	£'000
<i>Opening Capital Financing Requirement</i>	143,701	128,488
<i>Capital Investment</i>		
Property, Plant and equipment	61,847	48,436
Investment Properties	0	0
Revenue Expenditure Funded from Capital under Statute	13,680	7,949
Joint Committee Adjustments	(123)	114
Additional Right-of-Use assets recognised in year	5,244	0
<i>Sources of finance</i>		
Minimum Revenue Provision - Right-of-Use Assets	(1,460)	0
Government grants and other contributions	(59,701)	(37,940)
Direct revenue Contributions	(222)	(682)
Minimum Revenue Provision	(2,556)	(2,664)
<i>Closing Capital Financing Requirement</i>	160,410	143,701
Additional Assets acquired under Right-of Use	5,244	0
Minimum Revenue Provision - Right-of-Use Assets	(1,460)	0
Increase in underlying need to borrow (supported by government financial assistance)	1,557	1,563
Increase in underlying need to borrow (unsupported by government financial assistance)	14,047	16,200
Impact of Joint Committees	(123)	114
Minimum Revenue Provision	(2,556)	(2,664)
<i>Increase/(decrease) in Capital Financing Requirement</i>	16,709	15,213

34.0 Leases

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

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1st April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year.

- Lease liabilities are measured at the present value of the remaining lease payments at 1st April 2024, discounted by the Authority's incremental borrowing rate at that date.
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.14 %
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31st March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31st March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts

have been reduced by any provisions for onerous contracts that were in the 31st March 2024 balance sheet

- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the between that fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

This has resulted in the following additions to the Balance Sheet:

- £5.4m Property, Plant and Equipment right-of-use assets
- £3.7m Non-current lease liabilities
- £1.3m Current lease liabilities

Right-of-use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Other Land & Buildings £'000	Vehicle, Plant, Furniture & Equipment £'000	Total £'000
Balance as at 1st April 2024	2,910	2,357	5,267
Additions	1,164	701	1,865
Total Cost 31st March 2025	4,074	3,058	7,132
Balance as at 1st April 2024	(20)	(99)	(119)
Depreciation & Impairment charge	(729)	(882)	(1,611)
Total Depreciation as at 31st March 2025	(749)	(981)	(1,730)
Balance as at 31st March 2025	3,325	2,077	5,402

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £'000
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	182
Expense relating to short-term leases	
Expense relating to exempt leases of low-value items	
Cash flow statement	
Total cashflow for leases	1,642
Cash payments for interest portion of lease liabilities	182
Short term lease payments where exemptions taken	
Low value lease payments where exemptions taken	

*Cash Flow figures exclude de minimus amounts.

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	31st March 2025 £'000
Less than one year	1,517
One to five years	2,548
More than five years	5,631
Total undiscounted liabilities	9,696

Authority as lessor

The authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local business

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	31st March 2025 £'000	31st March 2024 £'000
Not later than one year	979	917
Later than one year and not later than five years	2,502	2,325
Later than five years	7,092	7,080
	10,573	10,322

35.0 Pension Schemes accounted for as defined contribution schemes

Teachers employed by the Authority 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 authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by local authorities. Valuations are undertaken every four years. The Authority is not able to identify its share of the underlying financial position and performance with sufficient reliability for accounting purposes, therefore it is accounted for on the same basis as a defined contribution scheme.

In 2024/25 the Authority paid £6,824,976 to the Teachers' Pensions (£5,549,884 in 2023/24) in respect of teachers' pension costs, which represents 28.68% of teachers' pay (28.68% in 2023/24).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis as detailed in Note 36.

The Authority expects to pay £6.994m in contributions into the scheme in 2025/26. The employers pension contribution rate is 21.8% with effect from April 2024.

36.0 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Rhondda Cynon Taf County Borough Council under the Local Government Pension Scheme regulations—this is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. On retirement, members receive an annual pension based on their final salary (or career-average pensionable salary from 1st April 2014) and have the option to take part of their pension as a tax-free lump sum.

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

Transactions Relating to Post-employment Benefits

The Authority 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 General Fund Balance via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	£m		£m	
	2024/25	2023/24	2024/25	2023/24
Comprehensive Income and Expenditure				
Cost of services:				
Service cost comprising				
• current service cost	8.90	8.88	0.00	0.00
• past service cost	0.29	0.20	0.00	0.05
• (gain)/loss from settlements	0.00	0.00	0.00	0.00
• adjustment to pension strain	(0.71)	0.58	0.00	0.00
Financing and Investment Income and Expenditure	0.00		0.00	
• Net interest expense	0.52	2.12	0.68	0.66
Total post employment Benefits charged to the Surplus or Deficit on provision of services	9.00	11.78	0.68	0.71
Remeasurement of the net defined benefit liability comprising:	0.00		0.00	
• Return on plan assets (excluding the amount included in the net interest expense)	13.70	(20.75)	0.00	0.00
• Actuarial gains and losses arising on changes in demographic assumptions	(2.63)	(5.84)	(0.10)	(0.24)
• Actuarial gains and losses arising on changes in financial assumptions	(61.53)	(12.56)	(1.21)	(0.26)
• Actuarial gains and losses arising on changes in experience	0.62	4.52	0.02	0.94
• Asset Restriction	49.90	0.28	0.00	0.00
Total post employment Benefits charged to the Comprehensive Income and Expenditure Statement	9.05	(22.56)	(0.61)	1.15
Movement in Reserves Statement	0.00		0.00	
• reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the code	(9.00)	(11.78)	(0.68)	(0.71)
Actual amount charged against the General Fund Balance for pensions in the year:	0.00		0.00	
Employers contributions payable to scheme	11.38	10.27	0.00	
Retirement benefits payable to pensioners	0.00		1.07	1.06

*In accordance with accounting standards, the actuary applies restrictions to the recoverable amount of any asset surplus. These restrictions are reflected in the note above to ensure consistency with the balance sheet presentation.

Pensions Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	£m		£m	
	2024/25	2023/24	2024/25	2023/24
Present Value of the defined benefit obligation	(321.63)	(370.95)	(12.99)	(14.67)
Fair value of plan assets	356.66	354.20	0.00	0.00
Sub-total	35.03	(16.75)	(12.99)	(14.67)
Other movements in the (liability)/asset	(0.03)	(0.58)	0.00	0.00
Net liability arising from the defined benefit obligation	35.00	(17.33)	(12.99)	(14.67)
Asset Restriction & other adjustments	(50.19)	0.00	0.00	0.00
Net liability arising from the defined benefit obligation after asset restriction	(15.19)	(17.33)	(12.99)	(14.67)

*Asset Restriction and other adjustments include an additional adjustment beyond the Asset Restriction amount shown in the previous table. This small variance reflects the cumulative impact from prior years arising from the Asset Restriction calculations for the Council's joint entities.

Reconciliation of the Movement in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme		Discretionary Benefits	
	£m		£m	
	2024/25	2023/24	2024/25	2023/24
Opening fair value of scheme assets	354.23	320.87	0.00	0.00
Interest Income	16.99	15.03	0.00	0.00
Remeasurement gain/(loss)	0.00	0.00	0.00	0.00
• The return on plan assets, excluding the amount in the net interest expense	(13.70)	20.75	0.00	0.00
Contributions from the employer	11.36	10.27	1.07	1.06
Contributions from employees into the scheme	3.17	2.89	0.00	0.00
Benefits paid	(15.39)	(15.60)	(1.07)	(1.06)
Net increase in assets from disposals/acquisitions	0.00	0.00	0.00	0.00
Closing fair value of scheme assets	356.66	354.20	0.00	0.00

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

	Local Government Pension Scheme £m		Discretionary Benefits £m	
	2024/25	2023/24	2024/25	2023/24
Opening balance at 1 April	370.67	371.04	14.67	14.58
Opening Balance Adjustment	0.00	0.00	0.00	0.00
Current Service cost	8.90	8.88	0.00	0.00
Interest Cost	17.52	17.15	0.68	0.66
Contributions from scheme participants	3.17	2.89	0.00	0.00
Remeasurements (gains) and losses	0.00	0.00	0.00	0.00
• Actuarial gains and losses arising on changes in demographic assumptions	(2.63)	(5.84)	(0.10)	(0.24)
• Actuarial gains and losses arising on changes in financial assumptions	(61.53)	(12.56)	(1.21)	(0.26)
• Actuarial gains and losses arising on changes in experience	0.62	4.52	0.02	0.94
• Other	0.00	0.28	0.00	0.00
Past service cost	0.29	0.20	0.00	0.05
Losses/(gains) on curtailment	0.00	0.00	0.00	0.00
Benefits paid	(15.38)	(15.60)	(1.07)	(1.06)
Net increase in assets from disposals/acquisitions	0.00	0.00	0.00	0.00
Closing balance at 31st March	321.63	370.95	12.99	14.67

Local Government Pension Scheme assets comprised

	As at 31/03/2025	As at 31/03/2024
	£m	£m
Equities	232.19	226.72
Property	21.76	23.02
Government Bonds	38.88	43.21
Corporate Bonds	52.43	55.26
Cash	11.41	5.99
	356.67	354.20

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.

Both the Local Government Pension Scheme and Discretionary Benefits and have been assessed by Aon Hewitt, an independent firm of actuaries, estimates for the Rhondda Cynon Taf County Council Pension Fund being based on the latest full valuation of the scheme as at 31st March 2023.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2024/25	2023/24	2024/25	2023/24
Males	20.90	21.00	20.90	21.00
Females	23.70	23.80	23.70	23.80
Males	21.80	22.30		
Females	24.80	25.20		
Discount rate	5.80%	4.80%	5.80%	4.80%
CPI Inflation	2.50%	2.60%	2.50%	2.60%
Pension increases	2.50%	2.60%	2.50%	2.60%
Pension accounts revaluation rate	2.50%	2.60%		
Salary increases	3.75%	3.85%		

The duration of the defined benefit obligation (i.e. the weighted average of the time until payment of future cash flows) for scheme members at 31st March 2025 was calculated by the actuary as 14.8 years (16.7 years at 31st March 2024).

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

	Impact on the Defined Benefit Obligation in the scheme		
	Increase in assumption	Base Figure	Decrease in assumption
	£m	£m	£m
Discount Rate (increase or decrease by 0.1%)	316.81	321.61	326.45
Rate of increase in salaries (increase or decrease by 0.1%)	322.28	321.61	320.99
Rate of increase in pensions (increase or decrease by 0.1%)	325.81	321.61	317.46
Post retirement mortality assumption (increase or decrease by 1 year)	328.71	321.61	314.56

Contribution rates are set by the fund's actuary based on triennial actuarial valuations. The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% of the overall liabilities of the fund. The next triennial valuation is due to be completed on 31st March 2026.

The authority expects to pay £11.46m contributions into the scheme in 2025/26.

37.0 Contingent liabilities

As at 31st March 2025, the Authority has the following contingent liabilities:

- **Ffos-Y-Fran - Land Reclamation**

The extraction of coal as part of the land reclamation scheme ceased over 12 months ago. The developer is currently undertaking some restoration of the site in accordance with the approved restoration strategy from 2007. A planning application has been received by MTCBC to request a variation of the extant planning permission. This application seeks to vary the restoration strategy to allow for a different restoration of the site to be delivered. This application has not yet been determined by MTCBC. The works being undertaken by the developer at present are likely to take several months.

Remedial works are required to bring the site up to required public safety standards. These costs are not quantifiable at present as the developer is still carrying out restoration of the reclamation site. The costs of these remedial works sit with the developer. It is only if the developer ceases to trade or abandons the site that there is an issue with restoration.

The Council considers that liability for these remedial works currently sits with the operator and/or the landowner, but the ownership position is complex, with the Council/Welsh Government (WG) both owning small parts of the land which are considered unlikely to need remedial works.

The Council is expecting a response from WG concerning differences of opinion in the near future. Issues as to liability will be reconsidered following receipt of the correspondence from WG.

- **Merthyr Tydfil Leisure Trust**

Merthyr Tydfil Leisure Trust (trading as Wellbeing at Merthyr) was set up on the 1st April 2015 "the Transfer Date". The Authority transferred the function of providing existing Leisure and Cultural Services within the County Borough to the Trust. Following communication during December 2023 of the intention to terminate contract, and actual termination of contract on the 30th April 2024, Merthyr Tydfil Leisure Trust (trading as Wellbeing at Merthyr) has since declared a status of liquidation.

Pension Fund – The Trust was admitted as a body to the Rhondda Cynon Taf County Borough Council Pension Fund (the Pension Fund). To do this, the Authority and the Pension Fund entered into an Admissions Agreement with Merthyr Tydfil Leisure Trust so that eligible Leisure Trust employees could access the Pension Scheme. The Pension Fund required a guarantee from the Authority to indemnify the Pension Fund against the risk of the Trust failing to make contributory payments due under the agreement.

The admission agreement states that any accrued pension liabilities relating to scheme members at the transfer date are the Authority's liability. The Trust is responsible for the increase in liabilities post transfer. Since declaring a status of liquidation there is increasing likelihood of default on payments owing to the Pension Fund.

There is the potential that some other specific debts from the Trust may pass to the Authority if they cannot be funded from their remaining funds. The quantum and likelihood of the Council incurring these costs cannot be quantified at this time.

- **Merthyr Valleys Homes**

As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Merthyr Valleys Homes (MVH), a number of warranties and indemnities have been provided for a period of 30 years from the transfer date (March 2009), covering areas including environmental pollution and asbestos. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of the warranty for environmental pollution and asbestos, where the limits are £40m (environmental pollution) and without limit (asbestos). Claims are subject to a de minimis level below which the Authority is not liable to reimburse MVH, these being £10,000 generally and £3.3m for Asbestos works. Potential liabilities that could arise in respect of environmental pollution have been mitigated by means of insurance policies, providing aggregate cover of £20m. At this stage, there have been no definite claims associated with the warranties provided and it is not possible to determine the extent and value of claims that may arise in the future.

- **Pensions Asset / Liability**

In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by pension schemes, including the LGPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the Trustees to obtain the Scheme's actuary confirmation that a Scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments. Without this confirmation (sometimes referred to as a section 37 confirmation, by reference to section 37 of the Pension Schemes Act 1993, which sets out that scheme rules can only be altered as prescribed in the relevant regulations), the amendment may be void and ineffective. The Court of Appeal upheld the original decision.

In June 2025 the Department for Work and Pensions published the Government's intention to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards, resulting in the removal of risk of additional scheme obligations. Although the Government's intention has been published, until legislation is enacted, there remains a degree of uncertainty regarding scheme obligations and a contingent liability disclosure is appropriate. In addition to the uncertainty of a potential liability, any value of a possible obligation cannot be measured with sufficient reliability.

38.0 Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by Chief Executive's Directorate, under policies outlined in the Treasury Management Policy Statement and Annual Investment Strategy approved by Council annually, prior to the commencement of the new financial year.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This Authority currently relies on information supplied by investment brokers to determine the creditworthiness of counterparties. It is the Authority's policy to deal with only the major UK banks and UK rated building societies.

The Authority's Treasury Management Policy Statement and Annual Investment Strategy 2024/25 reported to Council on 17th April 2024 set limits for investments for 2024/25 of:

- £10m to any one UK Local Authority
- £5m to any one UK Bank or Building Society
- UK Government as required

A Treasury Management Half-Year Review of the 2024/25 financial year was also reported to Council on 5th February 2025 with the full year outturn being reported on 6th November 2025

The Authority does not apply credit ratings to other financial assets; however, the following table summarises potential exposure to credit risk based on experience of default and uncollectability:

2024/25

Description	Balance outstanding as at 31/03/2025 £000	Historic Experience of Default %	Estimated exposure to non-repayment at 31/03/2025 £000
Sundry Debtors	3,077	3.81	117
Council Tax	9,651	14.91	1,439

2023/24

Description	Balance outstanding as at 31/03/2024 £000	Historic Experience of Default %	Estimated exposure to non-repayment at 31/03/2024 £000
Sundry Debtors	2,464	0.99	24
Council Tax	9,097	12.57	1,144

The Authority expects repayment of its general debt within 30 days. However, all of the above is past this due date and analysed as follows:

	31/03/2025		31/03/2024	
	Sundry	Council Tax	Sundry	Council Tax
	£'000	£'000	£'000	£'000
Up to 1 Year	1,879	2,619	1,248	2,476
Between 1 and 2 Years	388	1,733	697	1,530
Between 2 and 3 Years	450	1,207	308	1,293
Between 3 and 4 Years	206	1,057	131	1,068
Between 4 and 5 Years	88	859	35	753
Greater than 5 Years	67	2,177	45	1,977
Total	3,078	9,652	2,464	9,097

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready borrowing access to borrowings from the money market and the Public Works Loans Board. There is no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed borrowings during specified periods. The maturity analysis of financial liabilities is as follows:

	2024/25				
	£'000				
	PWLB	LOBO	Other	Market Loans	Total
Less than one year	21,309	0	266	0	21,575
Between one and two years	23,817	0	241	0	24,058
Between two and five years	53,901	0	723	0	54,624
More than five years	61,090	0	15,794	0	76,884
	160,117	0	17,024	0	177,141

	2023/24				
	£'000				
	PWLB	LOBO	Other	Market Loans	Total
Less than one year	4,492	0	134	48,797	53,423
Between one and two years	4,435	0	134	0	4,569
Between two and five years	9,539	0	401	0	9,940
More than five years	64,270	0	16,255	0	80,525
	82,736	0	16,924	48,797	148,457

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

Market Risk

The Authority could be exposed to significant 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 charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on Provision of Services and affect the General Fund Balance.

The Authority's strategies for managing interest rate risk are set out in the Treasury Management Policy and Annual Investment Strategy. All the Public Works Loan Board Loans are fixed rate. In respect of Investments, the Authority invests monies at both fixed and variable rate but the risk is minimised since the maximum period of investment is less than 1 year.

If the Authority had experienced interest rates at 1% higher than the actual levels, the financial effect for 2024/25 would have been as follows:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest payable on variable rate investments	(1)
Impact on Surplus or Deficit on Provision of Services	(1)

39.0 Interests in other entities

Associates

WSP Glamorgan Consultancy Ltd (Formerly Capita Glamorgan Consultancy) also trades as Redstart Ltd. is a Joint Venture between Capita Property and Infrastructure Limited, Bridgend County Borough Council, Rhondda Cynon Taf County Borough Council and Merthyr Tydfil County Borough Council. The Authority owns 6% of the shares of the Company.

The principal activity of the company is the provision of engineering, design and consultancy services, primarily in the fields of highways and transportation engineering, project management and construction management.

The Audit Report provided for WSP states that the company ceased trading on 31st March 2025 and it is no longer appropriate to prepare the financial statements on a going concern basis.

An extract from the latest available financial statements as at 31st December 2024 is detailed below. There is a nine-month window for auditing the financial statements and the 2024 financial statements were published on 30th September 2025:

	31/12/2024	31/12/2023
	£'000	£'000
Expenditure		
Cost of Sales	4,905	5,923
Administration Expenses	643	721
Total Expenditure	5,548	6,644
Income		
Turnover	(6,088)	(7,272)
Operating (Profit)/loss	(540)	(628)
Net finance cost	404	492
Income tax charge	136	136
Total Comprehensive expense income for the year	0	0

	31/12/2024	31/12/2023
	£'000	£'000
Fixed Assets		
Deferred Tax	0	0
	0	0
Current Assets		
Trade and Other Receivables	1,615	2,279
Cash	2,394	1,743
	4,009	4,022
Current Liabilities		
Trade and Other Payables	(1,423)	(1,840)
Financial Liabilities	(2,586)	(2,182)
Income tax payable	0	0
	(4,009)	(4,022)
Net Assets	0	0
Capital and reserves		
Profit and loss account	0	0
Total equity	0	0

Joint Operations

Under IFRS, the Authority is required to recognise its share of the income and expenditure and assets and liabilities in relation to Joint Operations. The Authority had such an arrangement in place with the following bodies:

- Glamorgan Archives
- Llwydcoed Crematorium Joint Committee
- Central South Consortium Joint Education Service
- Vale, Valleys and Cardiff Regional Adoption Collaborative
- Cardiff Capital Region City Deal

Glamorgan Archives

This is a joint committee, created on 11th April 2006, comprising elected member representatives from the County Boroughs of Merthyr Tydfil, Bridgend, Cardiff, Rhondda Cynon Taf, Caerphilly and Vale of Glamorgan. The Glamorgan Archives Joint Committee provides, maintains, administers and develops a joint archives service for its constituent authorities. Merthyr Tydfil's contribution to the joint arrangement is 6%.

The net financial impact on the Authority's accounts as a result of including Glamorgan Archives' transactions is not considered material and so has not been included within the statement of accounts for 2024/25.

The Authority does however include in its Accounts the contribution paid towards the Glamorgan Record Office Building.

Llwydcoed Crematorium Joint Committee

Llwydcoed Crematorium is managed and administered by the Llwydcoed Crematorium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of nine members, five from Rhondda Cynon Taf CBC and four from Merthyr Tydfil CBC. Rhondda Cynon Taf CBC became the Host Authority for the Joint Committee in 1996, taking over from the Urban District of Aberdare and the County Borough of Merthyr Tydfil. Merthyr Tydfil CBC's share of the joint arrangement is 46.6%.

The Authority does not consider that it has significant influence at Llwydcoed Crematorium as the Joint Committee has overall responsibility for the operation, management and finance of the crematoria with both authorities having delegated their functions as Burial Authorities to the Joint Committee.

The Authority has included its share of the joint operation within the 2024/25 financial statements.

Central South Consortium Joint Education Service

The Central South Consortium Joint Education Service was created on 1st September 2012 to provide a range of school improvement services within the local Authority areas of Bridgend, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf and the Vale of Glamorgan.

The Central South Consortium is managed and administered by the Central South Consortium Joint Committee, under powers conferred by the Local Government (Wales) Act 1994. The Joint Committee is made up of five members, one from each Local Authority. Rhondda Cynon Taf CBC became the Host Authority upon formation of the Joint Committee. Merthyr Tydfil CBC's share of the joint arrangement is 6.41%.

The Authority has included its share of the joint operation within the 2024/25 financial statements.

Vale, Valleys and Cardiff Regional Adoption Collaborative

This is a statutory consortium that all authorities must be party to as set out by Welsh Government and the National Adoption Agency. The Collaborative was set up in June 2015.

It is the Authority's central agency for assessment, matching and placement work regarding adoptions.

The Collaborative consists of the Vale of Glamorgan County Council as Lead Authority, Rhondda Cynon Taf County Council, Cardiff County Council and Merthyr Tydfil County Borough Council.

Merthyr Tydfil County Borough Council contribute 12.6% into the Collaboration.

The net financial impact on the Authority's accounts as a result of including the Vale, Valleys and Cardiff Regional Adoption Collaborative is not considered material and so has not been included within the statement of accounts for 2024/25.

Cardiff Capital Region City Deal

On 1 March 2017 the £1.2 billion Cardiff Capital Region City Deal between the UK Government, the Welsh Government and the 10 constituent councils in South East Wales, which includes Merthyr, was formally ratified. The investment is over a 20-year period and the key aim of the fund is to create 25,000 new jobs by 2036 and lever £4 billion of private sector investment.

The CCRD Investment Fund comprises two distinct elements: -

- £734m – METRO scheme. This will comprise £503m of Welsh Government funding provided over the first seven years from 2016/17 to 2022/23; £106m from the European Development Fund, (which is committed and guaranteed following Brexit by both UK and Welsh Governments); and £125m from UK Government. This element will be the sole responsibility of Welsh Government.
- £495m – Regional Cabinet Fund, comprising the ten constituent councils' commitment to borrow £120m over the 20-year period of the Investment Fund, together with £375m from the UK Government. This fund will be used for investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals. This element will be the responsibility of the CCRD Regional Cabinet. The Council will make a 3.94% contribution to the £120m based on its proportion of the regional population.

Merthyr Tydfil CBC's share of the joint arrangement is 3.94%.

The Authority has included its share of the joint operation within the 2024/25 financial statements.

Investment Properties included within the Balance Sheet of £2.464m solely relate to the inclusion of Merthyr Tydfil CBC's share of the Cardiff Capital Region City Deal joint arrangement. Other significant balance sheet items that reflect CCRCD balances include Cash, Other Long-term Liabilities and the Capital Adjustment Account.

Other Entities

Merthyr Tydfil Leisure Trust

Merthyr Tydfil Leisure Trust (trading as Wellbeing at Merthyr) was set up on the 1st April 2015. The Authority transferred the function of providing existing Leisure and Cultural Services within the County Borough to the Trust. The Trust was set up as a Not for Profit Distributing Organisation, a registered Charity and a Charitable Company Limited by Guarantee. The Trust was a registered Charity. The Trust was led by a Board of Trustees, which is required to be independent of the Authority. The Board Membership was as follows:

- The Chief Executive Officer
- 7 Community Trustees
- 1 Authority Trustee

Hence the Authority's representation is below 20%.

Following the termination of the Council's contract with Wellbeing Merthyr, they have since declared insolvency and a provision for bad debt reflects the outstanding debt owed to Merthyr Tydfil CBC as at 31st March 2025.

The Trust operated for the month of April in 2024/25 and were paid a Management Fee of £0.202m (£2.424m in 2023/24) to run existing services. For the remaining 11 months of 2024/25, a combined management fee of £3.252m was paid to successor organisations.

Glossary of Terms

Accrual

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

Actuary

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

Amortisation

The reduction in the value of an intangible asset, which is charged to revenue

Asset Under Construction

An Asset Under Construction represents an asset that is not yet complete.

Budget

A budget is the spending plan for a financial year.

Capital Expenditure

Expenditure on non-current assets that will be used for several years in the provision of services for example buildings.

Capital Financing Requirement

An Authority's underlying need to borrow for a capital purpose. It measures capital expenditure incurred but not yet financed.

Capital Receipt

Proceeds from the sale of capital assets that can be used to fund new capital expenditure schemes, or reduce the underlying need to borrow.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional body responsible for issuing financial guidance to be followed by public sector bodies.

Contingent Asset

A possible asset that arises from a past event but whose existence will only be confirmed after an uncertain future event e.g. the outcome of a court case.

Contingent Liability

A possible financial cost of a past event but which will only be confirmed by the occurrence of one or more uncertain future events e.g. the outcome of a legal case.

Creditor

A creditor is an organisation/individual who is owed money by the Authority for goods/services provided.

Current Assets

Assets that are short term (less than one year) and are considered to be liquid.

Current Liabilities

Liabilities that are short term (less than one year).

Debtor

A debtor is an organisation/individual who owes the Authority for goods/services received.

Depreciation

A charge made to the Comprehensive Income and Expenditure Statement to reflect the use of non-current assets during the year.

Earmarked Reserves

Amount set aside from the General Fund Balance to fund future expenditure plans.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

Financial Instruments

A financial Instrument arises from a contract that gives rise to a financial asset of one entity and a financial liability of another. Examples are trade debtors, creditors, investments and borrowings.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Authority and can be represented by a contractual obligation to deliver cash or financial assets e.g. Loans, trade payables

Financial Assets

A financial asset is a right to future economic benefits controlled by the Authority that is represented by cash or other instruments or a contractual right to receive cash or another financial asset e.g. loans, trade receivables.

Financial Year

This is the accounting period that starts on 1 April and finishes on 31 March in the following year.

Finance Leases

Financing capital assets over a number of years through annual payments to a leasing company.

Heritage Asset - A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for its contribution to knowledge and culture.

Impairment

Impairment occurs when the value of a non-current asset changes significantly for example as a result of physical damage.

International Accounting Standard (IAS)

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

International Financial Reporting Standards (IFRS)

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

Inventories

Raw materials used in carrying out services, unused items are shown as current assets in the Balance Sheet.

Leasing

A method of financing expenditure for assets through a rental payment over a set period of time.

Lessee

The user or renter of the leased asset or property.

Lessor

The owner of the asset or property that is leased.

Levies

Charges on the Authority by other public bodies to enable them to cover their costs in the performance of their services.

Liability

An obligation to transfer economic benefits as a result of past transactions or events.

Lender Option Borrower Option Loans (LOBOs)

Loans to the Authority where the lender can request a change in the rate of interest payable by the Authority at predetermined dates.

Long-Term Asset

Assets that are used in the provision of services (for a period greater than one year).

Market Loans

Borrowing that is sourced from the market i.e. organisations other than the Public Works Loan Board or a Public Sector Body.

Minimum Revenue Provision (MRP)

The charge to revenue for each financial year to account for the cost of the debt in that financial year.

Net Realisable Value

The selling price of an asset, reduced by the relevant cost of selling it.

Non-Current Assets

Long term assets to be used for more than one year.

Non-Domestic Rates (NDR)

The NDR, or Business Rates, is the charge to occupiers of business premises. NDR is set by the Welsh Government and is based upon the rateable value of the premises. Amounts collected by the Authority are paid into the Pool and are then redistributed amongst all Welsh Authorities on the basis of population.

Operating Leases

Financing for the use of capital assets through annual payments to a leasing company over a number of years. The risks and rewards of ownership remain with the leasing company.

Pooled Budget

A pooled budget is a financial mechanism, in which several organisations pool funding to provide a service/goods for a specific function.

Precept

A demand levied by one public Authority, which is collected on its behalf by another Authority.

Provision

A provision is an obligation to transfer economic benefits as a result of past events where a reliable estimate can be made of the obligation, but the amount or timing of which cannot yet be determined accurately.

Public Works Loan Board (PWLB)

The Public Works Loan Board is a Government Body that provides long term loans to local Authorities.

Recharge

An internal charge for services rendered by one Council section to another.

Reserves

Finance set aside to meet future expenditure plans.

Revenue Expenditure funded from Capital Under Statute

Expenditure that is capital in nature but that creates no asset for the Authority e.g. Disabled Facility Grants.

Revenue Support Grant

Welsh Government Grant provided to Local Authority towards funding its services.

Trust Funds

Monies held by the Authority on behalf of individuals or organisations.

