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THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND

18th September, 2020

Dear Sir/Madam

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in Virtually via Microsoft Teams - if you would like to attend this meeting live via Microsoft Teams please contact committee.services@blaenau-gwent.gov.uk on Tuesday, 29th September, 2020 at 9.30 am.

Yours faithfully

Michelle Morris
Managing Director

AGENDA

Pages

1. SIMULTANEOUS TRANSLATION

You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation service will be provided if requested.

2. APOLOGIES

We welcome correspondence in the medium of Welsh or English. / Croesawn ohebiaith trwy gyfrwng y Gymraeg neu'r Saesneg.

To receive.

3. **DECLARATIONS OF INTEREST AND DISPENSATIONS**

To receive.

4. **APPOINTMENT OF CHAIR**

To appoint the Chair of the Audit Committee for the 2020/2021 ensuing year.

5. **TIME OF FUTURE MEETINGS**

To discuss.

6. **AUDIT COMMITTEE** 5 - 10

To receive the minutes of the special Audit Committee held on 10th March, 2020.

(Please note the minutes are submitted for accuracy points only)

7. **AUDIT WALES – BLAENAU GWENT COUNTY BOROUGH COUNCIL'S 2020-21 IMPROVEMENT PLAN** 11 - 14

To consider the report of the Head of Governance and Partnerships.

8. **SUPPORTING FINANCIAL RESILIENCE – AUDIT WALES FOLLOW UP REVIEW** 15 - 38

To consider the report of the Chief Officer Resources.

9. **RESPONSE TO AUDIT WALES ENQUIRY TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT** 39 - 56

To consider the report of the Chief Officer Resources.

10. **DRAFT STATEMENT OF ACCOUNTS 2019/2020** 57 - 224

Due to the need to consider the following item as a matter of urgency, the Vice-Chair of the Committee has confirmed that the following matter can be considered under the Provisions of Paragraph 4(b),

Section 100(b) of the Local Government Act, 1972.

REASON FOR URGENCY

To enable the Committee, at the earliest opportunity, to consider and challenge the Council's Draft Statement of Accounts for 2019/20 prior to receiving the Final Accounts in November 2020 – this is in line with good practice requirements.

To consider report of the Chief Officer Resources.

11. INTERNAL AUDIT CHARTER 225 - 236

To consider the report of the Chief Officer Resources.

12. CODE OF GOVERNANCE 237 - 258

To consider the report of the Chief Officer Resources.

13. AUDIT PLAN OUTTURN 2019-20 259 - 270

To consider the report of the Chief Officer Resources.

14. ANNUAL UPDATE – USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000 271 - 274

To consider the report of the Head of Legal and Corporate Compliance.

To: P. Williams (Chair)
Councillor S. Healy (Vice-Chair)
Councillor M. Cross
Councillor D. Davies
Councillor G. L. Davies
Councillor D. Hancock
Councillor J. Hill
Councillor W. Hodgins
Councillor J. Holt
Councillor J. Millard
Councillor M. Moore
Councillor K. Rowson
Councillor B. Summers
Councillor S. Thomas
Councillor H. Trollope
Councillor L. Winnett

All other Members (for information)
Manager Director
Chief Officers

COUNTY BOROUGH OF BLAENAU GWENT

REPORT TO: **THE CHAIR AND MEMBERS OF THE AUDIT COMMITTEE**

SUBJECT: **SPECIAL AUDIT COMMITTEE – 10th MARCH, 2020**

REPORT OF: **DEMOCRATIC SUPPORT OFFICER**

PRESENT: Mr. Peter Williams (CHAIR)

Councillors S. Healy
M. Cross
L. Elias
K. Rowson
B. Summers
S. Thomas
H. Trollope
J. Wilkins
L. Winnett

WITH: Managing Director
Chief Officer Resources
Corporate Director Regeneration & Community Services
Corporate Director of Social Services
Audit & Risk Manager
Professional Lead - Internal Audit
Corporate Health & Safety Advisor
Data Protection & Governance Officer
Press & Publicity Officer

DECISIONS UNDER DELEGATED POWERS

<u>ITEM</u>	<u>SUBJECT</u>	<u>ACTION</u>
No. 1	<u>SIMULTANEOUS TRANSLATION</u> It was noted that no requests had been received for the simultaneous translation service.	

No. 2	<u>APOLOGIES</u>	Apologies for absence were received from Councillors G. Collier and J. Hill.
No. 3	<u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u>	No declarations of interest or dispensations were reported.
No. 4	<u>AUDIT COMMITTEE</u>	<p>The minutes of the Audit Committee held on 28th January, 2020 were submitted for points of accuracy.</p> <p>RESOLVED that the minutes be accepted as a true record of proceedings.</p>
No. 5	<u>BUSINESS RESOURCE CENTRE – DECOMMISSIONING</u>	<p>Having regard to the views expressed by the Proper Officer regarding the public interest test, that on balance the public interest in maintaining the exemption outweighed the public interest in disclosing the information and that the report should be exempt.</p> <p>RESOLVED that the public be excluded whilst this item of business is transacted as it is likely there would be a disclosure of exempt information as defined in Paragraph 14, Schedule 12A of the Local Government Act, 1972 (as amended).</p> <p>Consideration was given to report of the Audit & Risk Manager which presented the findings of an investigation into issues arising from the decommissioning and sale of the Business Resource Centre (BRC). The Officer when through the report and highlighted points contained therein.</p> <p>At the invitation of the Chair a Member said he was extremely concerned regarding the range of issues highlighted in the report, and felt that the recommendations lacked assurance for Members that this would not occur in the future. He said</p>

the report should be subject to an external investigation.

In response to a question raised by a Member, the Corporate Health & Safety Advisor confirmed that from a health and safety perspective, advice was provided to the Department in terms of dealing with second hand equipment.

A lengthy discussion ensued when Members expressed concern regarding the issues highlighted as part of the investigation.

The Corporate Director Regeneration & Community Services said some of the issues highlighted were the result of various Departments leaving the premises, and whilst CLT had agreed processes for vacating premises, clearly these had not been adhered to. However, he confirmed that moving forward the Corporate Landlord process had now been reinforced, and no building would be accepted by the Corporate Landlord until a checklist had been completed. The Service area vacating the building would be responsible for ensuring that the building was empty and that all statutory services and checks had been undertaken. He confirmed the Head of Community Services would be taking the lead on any future decommissioning of buildings.

In response to a question raised the Data Protection & Governance Officer explained that the Data Breach Assessment Panel decided that whilst improvements were needed to prevent similar events occurring in the future, the breach did not meet the threshold for reporting to the ICO.

The Managing Director agreed that the report was unacceptable and Officers needed to ensure that it did not happen again. She said when the Audit & Risk Manager brought the report to CLT a very robust discussion took place around the content of the report, the lack of compliance and the fact that the formal advice provided was not adhered to, resulting in the Council being exposed to risks, which were contained in this instance.

She said CLT recognised the need to take responsibility for ensuring this did not happen again, and made a commitment

to ensure that processes moving forward are robust and that there was a singular person within the Service responsible for making sure that those processes are adhered to. She understood Members' concerns but assured that CLT had taken this report very seriously and would ensure that this did not happen again.

A discussion ensued when the Corporate Director clarified points raised by Members. He said this was about accountability moving forward, and ensuring that the robust processes in place are stringently adhered to.

A further lengthy discussion ensued regarding various issues and Officers clarified points raised.

A Member reiterated his comment that the report should be referred to an independent body for further investigation, and until this was undertaken he was unable to support the recommendation of the report.

In response the Chief Officer Resources said the Council's Internal Audit Section operated independently of the Council, and it was unlikely that an independent body would identify anything new. She also confirmed that the next time decommissioning was undertaken, a detailed report on the process would be reported to the Audit Committee, and a review would also be undertaken by Internal Audit.

The Audit & Risk Manager explained that the recommendations of the covering report stated that the Committee would gain assurance by continuing to monitor the improvements made in the procedures for decommissioning, when this was undertaken in the future. The detailed report dealing with the investigation included recommendations and actions taken at that time point in time. The Officer also confirmed that the report had been referred to the Wales Audit Office, and they agreed with the Council's course of action in strengthening processes moving forward.

A discussion ensued regarding an independent investigation, when the Audit & Risk Manager confirmed that the issues had been brought before the Committee and CLT was committed

<p>to addressing the issues, and she did not see any value in an independent review.</p> <p>In response to a question raised regarding a press release, the Managing Director explained that it was not normal practice to comment on exempt reports, however, as the issue had been discussed by the Committee an accurate position statement could be issued. She also suggested that the next decommissioning exercise could be used as a case study in order to provide assurance.</p> <p>Councillor L. Elias left the meeting at this juncture.</p> <p>A Member referred to section 2.3 of the covering report and asked whether a detailed analysis had been undertaken, and whether the findings would be reported back to the Committee.</p> <p>The Managing Director said this was a detailed analysis of the final conclusions in terms of discussions with the Corporate Director, in order to take a full review of the management of the decommissioning. The Managing Director agreed to bring this to the Committee.</p> <p>The Committee took a brief adjournment in proceedings.</p> <p>A discussion ensued regarding the recommendation of the report, and the following amendment was proposed by a Member:-</p> <p>‘The Committee note the report but have concerns over the lack of assurances given and requested a detailed action plan going forward, to be brought to Committee in April, along with a suitable statement to the press from the Managing Director.’</p> <p>A vote was taken on the amendment.</p> <p>Councillor G. Collier abstained from voting.</p> <p>RESOLVED that the report which contained information relating to the financial affairs/business affairs of persons other than the Authority be accepted, and the Committee note</p>	<p>Managing Director</p>
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	the report but have concerns over the lack of assurances given and requested a detailed action plan going forward, to be brought to Committee in April, along with a suitable statement to the press from the Managing Director.	
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Agenda Item 7

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **29th September 2020**

Report Subject: **Audit Wales – Blaenau Gwent County Borough Council's 2020-21 Improvement Plan**

Portfolio Holder: **Leader of the Council / Corporate Services**

Report Submitted by: **Bernadette Elias, Head of Governance and Partnerships**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
			29.09.20					

1. Purpose of the Report

The purpose of the report is to present the Audit Wales – Audit of Blaenau Gwent Council's Improvement Plan 2020/21. The report is dated September 2020 (attached at Appendix 1).

2. Scope and Background

Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils to assess whether each authority will meet statutory continuous improvement duties. This work has been undertaken on behalf of the Auditor General by staff of Audit Wales.

The result of this Audit is that Blaenau Gwent Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

- Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:
- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

3. **Options for Recommendation**

- 3.1 It is recommended that Audit Committee note the content of the report and receive future reports from Audit Wales.

Background Documents /Electronic Links

- Appendix 1 – Audit of Blaenau Gwent County Borough Council's 2020-21 Improvement Plan

Reference: 2028A2020-21

Date issued: September 2020

Audit of Blaenau Gwent County Borough Council's 2020-21 Improvement Plan

Certificate

I certify that, following publication on 11 August 2020, I have audited Blaenau Gwent County Borough Council's Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



Adrian Crompton
Auditor General for Wales

CC: Julie James MS – Minister for Housing and Local Government

Non Jenkins, Manager

Charlotte Owen, Performance Audit Lead

Agenda Item 8

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Audit Committee**
Date of meeting: **29th September 2020**
Report Subject: **Supporting Financial Resilience – Audit Wales Follow Up Review**
Portfolio Holder: **Councillor N Daniels, Leader / Executive Member Corporate Services**
Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	20.08.20	11.09.20	29/09/20		11/09/20	14/10/20		

1. **Purpose of the Report**
 - 1.1 To present to Members the findings of follow up review undertaken by Audit Wales on their Supporting Financial Resilience work stream.
2. **Scope and Background**
 - 2.1 During 2018, Audit Wales carried out a *Supporting Financial Resilience* review with a focus on the Council's effectiveness in terms of maximising funding opportunities and containing spending demands.
 - 2.2 The review concluded that the Council would need to develop a stronger financial culture to remain financially resilient and proposed a number of areas for improvement.
 - 2.3 Audit Wales has subsequently undertaken a follow up review to assess the Council's progress in strengthening its financial resilience, addressing the areas for improvement proposed in the initial review.
 - 2.4 Audit Wales have found that **the Council has responded positively and is making progress against the proposals for improvement and has future work planned to fully address them.**
 - 2.5 The report and the attached Audit Wales review highlights the progress that has been made against each of the areas for improvement identified in 2018.
3. **Option for Recommendation**
 - 3.1 This report was considered by the Corporate Overview Scrutiny Committee on 11th September 2020 and Members supported the recommendation.
 - 3.2 It is recommended that the Audit Committee considers the findings of Audit Wales and is assured that progress has been made against the proposals for improvement.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**
- 4.1 The Council has a statutory responsibility for its own financial resilience. This is critical to the delivery of the Council's priorities in the medium and long term.
5. **Implications Against Each Option**
- 5.1 ***Impact on Budget (short and long term impact)***
- 5.1.1 The financial resilience of the Council is reliant upon establishing and maintaining a strong financial culture. The ability to set and deliver a balance budget annually combined with appropriate levels of reserves to mitigate the impact of unforeseen budget pressures is a crucial.
- 5.2 ***Risk including Mitigating Actions***
- 5.2.1 The risk to financial resilience are mitigated by strong financial management by the Council including:
 - An agreed Medium Term Financial Strategy, which includes a planned increase in the level of the Council's general reserve and development and delivery of the Bridging the Gap programme;
 - Regular financial monitoring / forecasts for capital, revenue and reserves;
 - Development and delivery of action plans to address in year budget pressures
- 5.3 ***Legal***
- 5.3.1 Councils are independent bodies with legal responsibility for their own financial sustainability; they have ownership of assets, powers to borrow and to invest, and hold reserves which enable them to plan for and manage financial risk.
- 5.4 ***Human Resources***
n/a
6. **Supporting Evidence**
- 6.1 ***Performance Information and Data***
- 6.1.1 Audit Wales' follow up review sought to answer the question:
Can the Council provide assurance that it has addressed the proposals for improvement detailed in the 2018 Supporting Financial Resilience review output?
- 6.1.2 Overall Audit Wales found that:
The Council has responded positively to the findings of our report: it is making progress against the proposals for improvement and has future work planned to fully address them.

6.1.3 Specific details relating to the proposals and the Council's progress are provided in the Appendix to this report.

6.2 *Expected outcome for the public*

6.2.1 Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services.

6.3 *Involvement (consultation, engagement, participation)*

6.3.1 The review involved the appraisal of Council documents and interviews with key officers and the Leader of the Council.

6.4 *Thinking for the Long term (forward planning)*

6.4.1 Delivery of the Council's priorities depend upon its continuing financial resilience.

6.5 *Preventative focus*

6.5.1 The report highlights areas for improvement to support the Council's financial resilience.

6.6 *Collaboration / partnership working*

6.6.1 n/a

6.7 *Integration*

6.7.1 All service areas have a responsibility in ensuring the financial resilience of the Council.

6.8 *EqlA (screening and identifying if full impact assessment is needed)*

n/a

7. *Monitoring Arrangements*

7.1

Background Documents /Electronic Links

- Audit Wales – Supporting Financial Resilience Follow-up Review – Blaenau Gwent County Borough Council

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Supporting Financial Resilience Follow-up Review – Blaenau Gwent County Borough Council

Audit year: 2019-20

Date issued: August 2020

Document reference: 1961A2020-21

This document has been prepared for the internal use of Blaenau Gwent County Borough Council as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004 and section 18 of the Local Government Wales Measure 2009.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

Summary

What we reviewed and why

- 1 In 2018, the Wales Audit Office carried out a Supporting Financial Resilience review which focussed on how effectively the Council maximised its funding opportunities and contained spending demands. The review concluded that the Council had an agreed Medium Term Financial Strategy and reserves of 5% but that it would need to develop a stronger financial culture if it is to remain financially resilient. In particular the review concluded:
 - the Council had the highest council tax staff costs of all Welsh councils, and its rate of in-year council tax collection was amongst the lowest in Wales, as was its use of direct debits to collect council tax;
 - there was no corporate coordination of grant applications and no central record of grants claimed;
 - the Council's approach to setting fees and charges lacked clear strategic direction, ownership by services and consistent application;
 - the Council had set out a clear financial plan for 2018-19 but faced significant challenges to its delivery and must improve the budget setting process for future years;
 - the Council had a General Reserve Fund of 5% which was above its minimum target level of 4% and the Council recognised that unforeseen budget pressures could threaten this position going forward; and
 - the Council had lots of data available to it but lacked a culture that consistently used data constructively to proactively challenge, learn and drive improvement.
- 2 The review proposed improvements in each of these areas, as set out in **Appendix 1**, and the Council responded to each, showing the action it proposed to take.
- 3 Further to this report, in his letter dated 18 January 2019, the Appointed Auditor for and on behalf of the Auditor General for Wales concluded that:
 - the Council has not yet complied with all its statutory responsibilities relating to financial reporting and use of resources;
 - whilst the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources, there is scope to make further improvements; and
 - all local authorities in Wales face financial challenges, however, the challenge at Blaenau Gwent is significant. Given its level of reserves and budget pressures, the Council will need to develop a stronger financial culture if it is to remain financially resilient.
- 4 We undertook this review to seek assurance that the Council has made effective progress in addressing our 2018 Supporting Financial Resilience review to strengthen its financial resilience.

- 5 We undertook the review between September 2019 and March 2020. The Council provided documents to demonstrate the progress it had made. We then interviewed key officers and the Leader of the Council.

What we found

- 6 Our review sought to answer the question: **Can the Council provide assurance that it has addressed the proposals for improvement detailed in the 2018 Supporting Financial Resilience review output?**
- 7 Overall we found that: **the Council has responded positively to the findings of our report: it is making progress against the proposals for improvement and has future work planned to fully address them.**
- 8 We reached this conclusion because:
- the Council is taking steps to understand and address the reasons for its lower than average council tax collection rates and high staff costs;
 - the Council has developed a central grants register and is beginning to manage grants more strategically;
 - the Council is making good progress with its strategic review of fees and charges;
 - the Council is strengthening its financial planning and management arrangements;
 - although levels of useable reserves remain low, the Council has taken proactive steps to improve its position and the MTFS demonstrates an ongoing commitment to strengthen the General Reserve; and
 - the Bridging the Gap programme is making effective use of data and further work is underway to improve the way the Council uses data.

Detailed report

The Council has responded positively to the findings of our report: it is making progress against the proposals for improvement and has future work planned to fully address them

The Council is taking steps to understand and address the reasons for its lower than average council tax collection rates and high staff costs

2018 findings and proposal for improvement

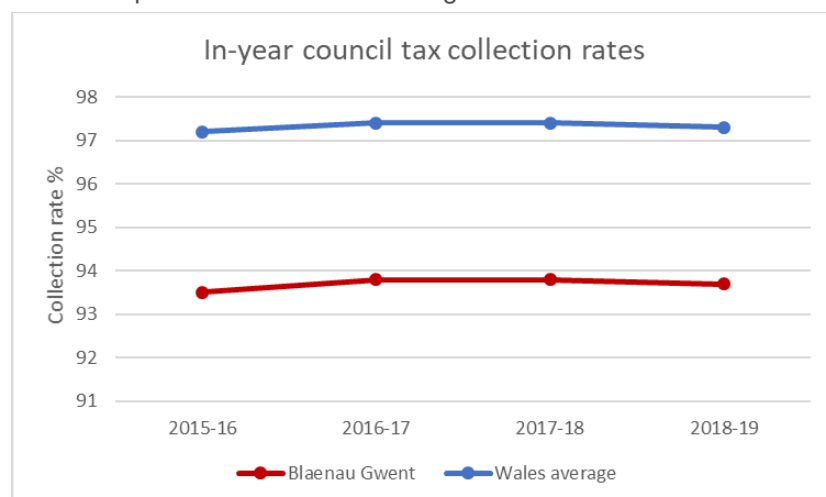
- 9 Our 2018 review found that the Council had the highest council tax staff costs of all Welsh councils, and its rate of in-year council tax collection was amongst the lowest in Wales, as was its use of direct debits to collect council tax.
- 10 As a result we made a proposal for improvement that the Council should review its administration of council tax to ensure prompt and efficient collection. In particular it should:
 - review its council tax collection arrangements with the aim of increasing in year collection rates; and
 - compare its council tax staffing costs with other Wales councils to understand the apparent cost variations and identify potential opportunities for cost savings.

What we found

- 11 We found that in 2018-19, in-year council tax collection rates remained consistent with previous years at 93.7%, as set out in exhibit 1.

Exhibit 1: council tax in-year collection rates

The following graph shows the Council's in-year council tax collection rates and how these compare with the Wales average



- 12 The lower than average in-year collection rate is in part due to deprivation levels in the county and the Council's policy to allow residents struggling with council tax payments to spread their payments over a longer period. The Council acknowledges that whilst this supports residents in financial difficulty and improves collection rates over the longer term by preventing arrears and potential debt write offs, it does impact negatively on in-year collection rates.
- 13 Exhibit 2 shows that the Council goes on to collect the majority of outstanding council tax payments over subsequent years, with around 99% collected after four to five years. The Council builds the slower collection rates into its budget process to manage the cash flow implications.

Exhibit 2: the percentage of council tax collected for prior years as at the end of 2018-19

The following table shows the percentage of council tax collected in year and over subsequent years

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
% collected by year end	95.7	95	93.5	93.8	93.8	93.7
% collected by 31 March 2019	99	98.9	98.6	98	96.8	

- 14 Since our initial review, the Council has reviewed its council tax collection arrangements and costs by:
- process mapping its recovery and enforcement processes; and
 - visiting several councils with higher in-year collection rates to identify good practices which could be replicated at Blaenau Gwent.
- 15 Although the Council reports that there did not appear to be any significant differences in overall approach, the visits did identify some processes with the potential to improve the efficiency and cost of collection. Where appropriate, the Council is introducing these. For example:
- increased use of digital communication;
 - online self-service module for residents;
 - increased promotion of electronic payment methods, e.g. direct debit, standing orders and payroll deduction; and
 - allocating council tax payments to current rather than old debt.
- 16 The Council's review also considered council tax staff cost variations but found direct comparison was difficult due to differing structures across councils. For example, the Council told us that in Blaenau Gwent dedicated council tax staff deal with council tax queries, whereas some councils use central call centre staff whose time is not charged to council tax administration costs. Staff cost variations remain

under review and the Council expects some of the actions listed in paragraph 15 to result in cost savings.

- 17 In 2019, the Council commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake an independent review of its council tax arrangements and advise on potential opportunities for improvements. The subsequent report, published in January 2020, found that 'the collection practices within Blaenau Gwent are comparable to other local authorities with all available methods of recovery being utilised where appropriate'. CIPFA also commended the Council's work to maximise the collection of arrears and the resulting low levels of debt needing to be written off. The report includes several proposals in relation to the administration of council tax and the Council is developing an action plan to respond to these recommendations.
- 18 The Council proactively promotes and facilitates electronic payment of council tax. For example, all correspondence sent from the Revenues and Benefits service has a direct debit reminder printed on the front of the envelope. The Council has also introduced more flexible direct debit options, such as weekly payments and payment dates linked to major employer pay dates, e.g. the NHS. In addition, a payroll deduction scheme is available to Council staff. CIPFA's report notes that, at the end of September 2019, 62.8% of Council Tax accounts with a payment to make¹ were paying by direct debit. A further 1.3% of accounts were paying via payroll deduction.
- 19 Work to respond to our proposal for improvement also forms part of the Income Maximisation strand of the Council's Bridging the Gap programme. This includes plans for early intervention and prevention schemes to support the growing number of families experiencing financial difficulties. The Council expects this to have a positive impact on council tax collections rates by helping to maximise residents' household income.
- 20 For example, Revenues and Benefits staff are trialling a project with Flying Start colleagues to engage with residents at an earlier stage. This will help identify whether people struggling financially are accessing the benefits and support schemes available to them, such as council tax reduction schemes. At the time of our fieldwork, the Council had identified the areas it intended to target and planned to begin visiting Flying Start hubs in early 2020. The Council recognises that although this work could improve collection rates, it could also lead to a funding pressure as a result of increased uptake of the Council Tax Reduction Scheme.

¹ Almost a quarter of all Council Tax accounts in Blaenau Gwent have nothing to pay, for example because they are in receipt of full council tax reduction. CIPFA has therefore removed these from the base number of accounts in calculating the proportion paying by direct debit.

The Council has developed a central grants register and is beginning to manage grants more strategically

2018 findings and proposal for improvement

- 21 Our 2018 review found that there was no corporate coordination of grant applications and no central record of grants claimed.
- 22 As a result we made a proposal for improvement that the Council should manage grants strategically alongside other funding streams. In particular it should:
- better integrate the applications for grants into the budget setting process (where possible);
 - maintain central records of potential and successful grant applications to support a strategic overview of this funding stream; and
 - review the grants made by the Council to ensure they provide value for money.

What we found

- 23 We found that the Council has now developed a corporate grants register. This provides a central database of potential revenue grants and records which have been successfully applied for. It also provides information about each grant, including purpose, amount received, number of posts it has funded and links to corporate plan priorities and key strategies where relevant.
- 24 The Council considers the register a starting point for its review of the strategic use of grants, which forms part of the Council's Bridging the Gap programme. The review is examining how grants are used to deliver outcomes for residents and consider the impact of the removal of the grants and the effect this would have on core funding. It also aims to ensure that the Council applies for those grants which support its strategic priorities and aspirations.
- 25 The Council also plans to strengthen governance arrangements for grants. The Strategic Commissioning Group, which is in the process of being established under another strand of Bridging the Gap, will be responsible for overseeing the grants register and ensuring the Council maximises the impact of grant funding and avoids duplication. In addition to this, quarterly updates on the Bridging the Gap strategic use of grants review will go to Corporate Overview Scrutiny.
- 26 The review will take place over three phases, with phase one, which focuses on the Children and Communities Grant, currently underway.
- 27 The Council has collated a register of grants and contributions it has made to other organisations in 2019-20. This provides information on the value of grants awarded, their purpose, and the application process for awarding the grants. For some grants a value for money assessment is included.

The Council is making good progress with its strategic review of fees and charges

2018 findings and proposal for improvement

- 28 Our 2018 review found the Council's approach to setting fees and charges lacked clear strategic direction, ownership by services and consistent application.
- 29 As a result we made a proposal for improvement that the Council should provide robust challenge in the setting of fees and charges to ensure they support delivery of its strategic priorities. In particular:
- develop an income generation policy to support delivery of the Council's strategic priorities;
 - Central Finance should issue clear instructions to managers about increases in fees and charges taking account of relevant external influences;
 - services should comply with budget instructions in respect of increases in fees and charges;
 - Central Finance should carry out robust checks to challenge and confirm compliance with budget instructions; and
 - budgeted income should reflect agreed levels of fees and charges and anticipated activity levels.

What we found

- 30 We found that the Council has an Income Generation Policy that sets out key considerations around charging. The policy was reviewed in 2018 by an external consultant and deemed to be robust.
- 31 As part of its Bridging the Gap programme, the Council is currently undertaking a strategic review of fees and charges. The review aims to maximise the Council's income by ensuring that fees and charges are set based on full cost recovery where appropriate, and are subject to agreed inflationary uplifts.
- 32 To inform the review, the Council has benchmarked its fees and charges register against those in other councils in Wales with similar levels of deprivation. The Council has also developed a full cost recovery calculator which it is applying to existing fees and charges and to assess new opportunities for charging. The review has so far identified an additional £0.2 million of income for 2020-21 and £0.1 million for subsequent years and this is reflected in the Council's Medium Term Financial Strategy and 2020-21 budget.
- 33 The Council's Finance department is working with budget holders to realign income budgets to reflect activity levels and ensure an annual inflationary uplift is applied. The Council reports that all fees and charges for 2019-20 have been reviewed and are in line with the policy. All uplifts agreed by the Council have also been applied.
- 34 The Council tracks forecast outturn of fees and charges in its quarterly revenue budget monitoring reports to Scrutiny, Executive Committee and Council. The Q2 report shows an income forecast of £14.1 million, a shortfall against target of £0.66 million (4.5%).

The Council is strengthening its financial planning and management arrangements

2018 findings and proposal for improvement

- 35 Our 2018 review found that the Council had set out a clear financial plan for 2018-19 but faced significant challenges to its delivery and must improve the budget setting process for future years.
- 36 As a result we made a proposal for improvement that, to deliver the 2018-19 budget, the Council should respond constructively to 2017-18 budget imbalance that may reoccur in 2018-19, utilising the skills of the Central Finance Team, Strategic Transformation team and budget holders. In particular the Council should:
- critically review and learn from the 2017-18 revenue budget overspends and underspends to identify reasons for imbalances for future year budgets;
 - take action to ensure weaknesses identified do not reoccur;
 - maximise the potential of the Strategic Transformation Team;
 - improve monitoring of savings projects and take clear corrective action to address anticipated under delivery and address the root causes;
 - review skills, capability and development needs of budget holders and provide training/support to meet them; and
 - ensure Central Finance lead on and facilitate a robust financial culture throughout the organisation.
- 37 We made a further proposal for improvement that, in planning for the 2019-20 budget, the Council should improve accountability throughout the organisation for the setting and delivery of the 2019-20 and future budgets. In particular it should:
- identify budget/service imbalances from 2017-18 and forecasts in 2018-19;
 - decide whether overspending is to be funded through extra budget or managed down by management action;
 - decide whether underspending can be maintained and reallocate budget accordingly;
 - introduce workforce planning to the budget setting process;
 - improve accountability for budget setting and delivery; and
 - strengthen budget management by holding budget holders to account and take early timely corrective action.

What we found

- 38 We found that the Council has strengthened its budget planning processes. Both ongoing and emerging cost pressures are considered as part of the MTFS and budget setting process. Cost pressure funding is then built into the budget, with base budgets adjusted as necessary.
- 39 For example, as part of the budget setting process for 2018-19 and 2019-20 the Council reviewed previous years' cost pressures and overspends to identify those likely to reoccur. It then considered whether these should be managed within existing budgets or awarded a cost pressure. As a result of this process, the Council built an additional £2.4 million into the base budget for 2018-19 and £1.4

million for 2019-20. Other cost pressures were managed through actions to reduce overspends or the use of budget virements from underspending budgets.

- 40 The Council is taking steps to improve its financial management and officers commented that there has been a recent shift in the financial culture of the organisation. Work is ongoing to restructure the Central Finance function to a business partner model and move away from the perception that budget management is a Finance responsibility. To support this, Corporate Leadership Team job descriptions now explicitly reference financial management responsibilities, and performance against budget targets forms part of the appraisal process for senior leaders.
- 41 In addition, the Council now regularly holds budget holders to account as part of strengthened arrangements to monitor and manage in-year cost pressures. For all cost pressures and overspends over £15,000, budget holders must develop action plans; these are challenged by Chief Officers and Executive Members at quarterly Cost Pressure Subgroup meetings. Cost pressures and mitigating actions are also reported in quarterly budget monitoring reports to members.
- 42 The Council recognises the need for training and systems access for budget holders and has plans to develop a financial competencies framework. This will help equip all managers and financial staff with the necessary skills. Further consideration of workforce planning and development will take place during 2020 as the Council develops its new Organisational Development Strategy.
- 43 The Strategic Transformation Team is currently supporting the Council's Bridging the Gap programme. The Council has developed wrap around teams to work on the strategic reviews that underline the programme. These multi-disciplinary teams include officers with relevant skillsets from across the Council, including the Strategic Transformation Team.
- 44 The Council recently worked with CIPFA to help identify further ways to strengthen its financial management arrangements.
- 45 Members receive quarterly budget monitoring reports, including updates on planned savings, providing them with the opportunity to scrutinise performance. Savings that are forecast to be delayed or unachieved are subject to the same monitoring and challenge process as overspends and cost pressures described in paragraph 41 above. Although the Council has a good track record of delivering its planned savings – 91% in 2018-19 and 97% forecast for 2019-20 – the transformational approach of the Bridging the Gap programme is identifying long-term savings opportunities as well as potential cost avoidance and new revenue streams. This will provide a more sustainable approach and reduce the Council's reliance on identifying annual savings.

Although levels of useable reserves remain low, the Council has taken proactive steps to improve its position and the MTFS demonstrates an ongoing commitment to strengthen the General Reserve

2018 findings and proposal for improvement

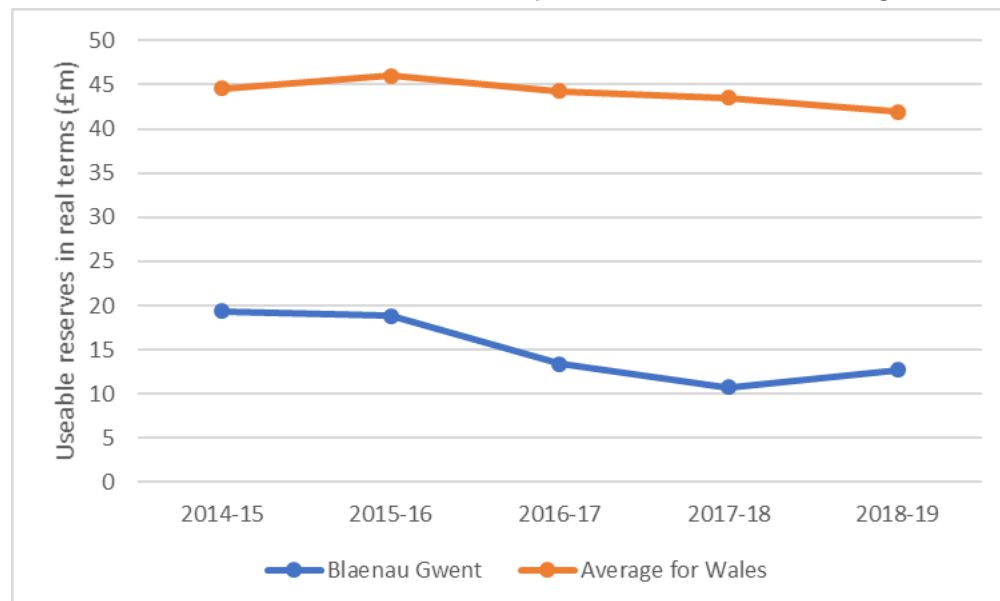
- 46 Our 2018 review found that the Council had a General Reserve Fund of 5% of actual net revenue (as reported in the latest Revenue Outturn return). This was above its minimum target level of 4% but the Council recognised that unforeseen budget pressures could threaten this position going forward.
- 47 As a result we made a proposal for improvement that the Council should maintain careful budgetary controls to ensure unforeseen budget pressures do not result in the General Reserve reducing below its minimum target level.

What we found

- 48 We found that the Council recognises the need to strengthen its reserves position and is proactive in taking opportunities to increase its General Reserve.
- 49 To this end, the Council increased its general reserve by £0.41 million to £5.89 million at the end of 2018-19 and its total useable reserves to £11.7 million.
- Exhibit 3** below sets out the recent improvement in the Council's useable reserves levels after a period of sustained depletion.

Exhibit 8: levels of useable reserves between 2014-15 and 2018-19²

This exhibit shows how the Council's levels of useable reserves have changed in real terms between 2014-15 and 2018-19 in comparison with the Wales average.



² Source: Stats Wales RO data

- 50 The Council has no plans to use the General Reserve to fund budget pressures in 2019-20 and expects to add a further £0.25 million to the Reserve in year.
- 51 The MTFS suggests that the Council has no plans to use the General Reserve to balance budgets over the life of the MTFS. It also includes a £0.2 million contribution to the General Reserve each year. Further to this, the Executive Committee recently approved a recommendation to transfer to reserves any excess savings achieved through the Bridging the Gap programme.

The Bridging the Gap programme is making effective use of data and further work is underway to improve the way the Council uses data

2018 findings and proposal for improvement

- 52 Our 2018 review found that the Council had lots of data available to it but lacked a culture that consistently used data constructively to proactively challenge, learn and drive improvement.
- 53 As a result we made a proposal for improvement that the Council should use data more effectively in managing finances and performance and in setting its budget to achieve and demonstrate value for money. In particular it should:
- review membership of external networks/professional organisations and ensure clear outputs that will benefit the Council's improvement agenda;
 - better embed data into its performance and financial management arrangements; and
 - use data more effectively in the budget setting process to identify value for money opportunities.

What we found

- 54 We found that data plays a key role in the Bridging the Gap programme. The programme includes a dedicated strategic review on using data to deliver better services. However, at the time of our fieldwork this review was not yet underway.
- 55 The Council is also using data to inform a number of other Bridging The Gap workstreams and has developed wrap around, multi-disciplinary teams, including staff with data analysis skills, to support delivery of the work programme. This approach is helping embed a culture of data use throughout the Council.
- 56 There are several examples of the way the Council is using data to inform the Bridging the Gap reviews:
- the Income Maximisation workstream has analysed debtors against the ACORN consumer classification³. This indicated that there is a correlation between debtors and deprived areas of the county. In response, the Council is

³ The ACORN classification analyses demographic data, social factors, population and consumer behaviour to provide an understanding of different types of people and their circumstances.

taking steps to help these residents maximise their income by advising them on potential benefits and signposting to further support.

- the project team working on the Third Party Expenditure review has analysed data to understand and categorise third party spend and identify opportunities to control costs and better align spend to the Council's strategic priorities.
- as part of the review of the CCG grant, the Council undertook a logic mapping exercise, using data to map the inputs, outputs and outcomes of the programmes the grant delivers. This helped identify potential duplication and efficiencies.

- 57 The Policy and Performance Team has also been working across the Council to improve data quality. For example, work is ongoing with the Revenues and Benefits team to understand and resolve previous errors with free school meal data. The team is also working with the Environment directorate to improve performance data. Officers we spoke to commented that data is now more widely used and valued throughout the Council.
- 58 The Council has not yet reviewed its membership of external networks and professional organisations.

Appendix 1

Proposals for Improvement: Supporting Financial Resilience Review, 2018

Exhibit 4: proposals for improvement from the Auditor General for Wales' 2018 Supporting Financial Resilience Review.

Proposals for improvement

- P1** We propose that the Council should review its administration of council tax to ensure prompt and efficient collection. In particular it should:
- review its council tax collection arrangements with the aim of increasing in-year collection rates; and
 - compare its council tax staffing costs with other Wales councils to understand the apparent cost variations and identify potential opportunities for cost savings.
- P2** We propose that the Council should manage grants strategically alongside other funding streams. In particular it should:
- better integrate the applications for grants into the budget setting process (where possible);
 - maintain central records of potential and successful grant applications to support a strategic overview of this funding stream; and
 - review the grants made by the Council to ensure they provide value for money.
- P3** We propose that the Council should provide robust challenge in the setting of fees and charges to ensure they support delivery of its strategic priorities. In particular:
- develop an income generation policy to support delivery of the Council's strategic priorities;
 - Central Finance should issue clear instructions to managers about increases in fees and charges taking account of relevant external influences;
 - services should comply with budget instructions in respect of increases in fees and charges;
 - Central Finance should carry out robust checks to challenge and confirm compliance with budget instructions; and
 - budgeted income should reflect agreed levels of fees and charges and anticipated activity levels.

Proposals for improvement

P4 We propose that to deliver the 2018-19 budget the Council should respond constructively to 2017-18 budget imbalances, that may reoccur in 2018-19, utilising the skills of the Central Finance Team, Strategic Transformation team and budget holders. In particular the Council should:

- critically review and learn from the 2017 18 revenue budget overspends and underspends to identify reasons for imbalances for future year budgets;
 - take action to ensure weaknesses identified do not reoccur maximise the potential of the Strategic Transformation Team;
 - improve monitoring of savings projects and take clear corrective action to address anticipated under delivery and address the root causes;
 - review skills, capability and development needs of budget holders and provide training/support to meet them;
 - ensure Central Finance lead on and facilitate a robust financial culture throughout the organisation.
-

P5 We propose that in planning for the 2019-20 budget the Council should improve accountability throughout the organisation for the setting and delivery of the 2019-20 and future budgets. In particular it should:

- identify budget/service imbalances from 2017-18 and forecasts in 2018-19;
 - decide whether overspending is to be funded through extra budget or managed down by management action
 - decide whether underspending can be maintained and reallocate budget accordingly;
 - introduce workforce planning to the budget setting process;
 - improve accountability for budget setting and delivery;
 - strengthen budget management by holding budget holders to account and take early timely corrective action.
-

P6 We propose that the Council should maintain careful budgetary controls to ensure unforeseen budget pressures do not result in the General Reserve reducing below its minimum target level.

P7 We propose that the Council should use data more effectively in managing finances and performance and in setting its budget to achieve and demonstrate value for money. In particular it should:

- review membership of external networks/professional organisations and ensure clear outputs that will benefit the Council's improvement agenda;

Proposals for improvement

- better embed data into its performance and financial management arrangements; and
- use data more effectively in the budget setting process to identify value for money opportunities.



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We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

Agenda Item 9

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**
Date of meeting: **29th September 2020**

Report Subject: **Response to Audit Wales Enquiry to those Charged with Governance and Management**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member Corporate Services**

Report Submitted by: **Rhian Hayden, Chief Officer Resources
Louise Rosser, Audit and Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	13.08.20		29.09.20					

1. **Purpose of the Report**
 - 1.1 The purpose of this report is to inform the Committee of the management response to the Audit Wales enquiries (see Appendix A) and for the Committee to consider its own response to the enquiries as those charged with governance.
2. **Scope and Background**
 - 2.1 A letter of enquiry is received on an annual basis from Audit Wales which seeks the Councils documented consideration and understanding of the management and governance arrangements in place for the Authority with regard to the prevention and detection of fraud.
 - 2.2 The report informs Members of the Management response to Audit Wales and seeks commentary from the Committee in respect of some of the queries raised in the correspondence.
3. **Options for Recommendation**
 - 3.1 The letter of enquiry was presented to Corporate Leadership Team on 13.08.20 who confirmed their agreement with the management response provided by the Chief Officer - Resources.
 - 3.2 The Audit Committee is asked to consider this report and:
 - Endorse the management response
 - Provide appropriate responses from the Committee (as those charged with governance) to the queries as required.

3.3 Options for consideration are:

Option 1

The Committee endorse the attached Management response to the Audit Wales query and consider whether the draft response of the Committee accurately reflects their views.

Option 2

The Committee endorses the attached Management response and propose amendments / additions to the attached response on their behalf for submission to Audit Wales.

Option 3

The Committee choose not to provide a response to the Audit Wales.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1 This report supports the Corporate Plan Priority of Efficient Council through demonstrating that adequate measures are in place for the prevention and detection of fraud thereby protecting the Authority's assets.

5. **Implications Against Each Option**

- 5.1 There are no direct financial implications resulting from this report.
- 5.2 Options 1 and 2 would satisfy the requirements of the external regulator. Option 3 would result in non-compliance with the requirements of the external regulator and could result in additional work on their part relating to fraud and governance. This could be reflected in the opinions provided by the regulator and could also result in the need for additional coverage from the external regulator in respect of fraud.
- 5.3 There are no direct staffing implications arising from this report.

6. **Supporting Evidence**

- 6.1 The letter and accompanying questionnaire are attached at Appendix A. The document has been partially completed by the Chief Officer Resources to reflect the current mechanisms in operation within the Authority. The views of the Committee are also sought and specific questions for the Committee have been asked. To assist in the Committee's consideration some narrative has been included as a potential response for the Committee.
- 6.2 An effective Audit Committee will support the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.

- 6.3 The production of the response to the Audit Wales query to those charged with governance has a neutral impact against people or groups from the nine protected characteristics.

7. Monitoring Arrangements

- 7.1 Instances of fraud or misappropriation will continue to be reported to the Audit Committee throughout the financial year as part of the audit progress report.

Background Documents /Electronic Links

- Appendix A – Audit enquiries to those charged with governance and management

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Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK and Ireland) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and ‘those charged with governance’, which for the Council is the Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management’s processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud. for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

Enquiries of management - in relation to fraud

Question	2018-19 Response	2019-20 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?</p>	<p>Low risk that financial statements are materially misstated.</p> <p>Checks and balances are built in to systems and processes.</p> <p>Professionally qualified and experienced staff administering the systems.</p> <p>Professional ethics and codes of conduct.</p> <p>Audit service providing cyclical assurance on systems including annual audits of fundamental financial systems either through full system audit or via control risk self-assessment.</p>	<p>Low risk that financial statements are materially misstated.</p> <p>Checks and balances are built in to systems and processes.</p> <p>Professionally qualified and experienced staff administering the systems.</p> <p>Professional ethics and codes of conduct.</p> <p>Audit service providing cyclical assurance on systems including annual audits of fundamental financial systems either through full system audit or via control risk self-assessment.</p>
<p>2. What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>The Authority has an Anti-Fraud, Corruption and Bribery Policy setting out its stance and reporting protocols in relation to fraud.</p> <p>The work of the Internal audit service adopts a risk based approach and staff are appropriately trained / experienced to incorporate fraud awareness into their routine work.</p> <p>Fundamental financial systems are audited on an annual basis, either by full system audit or control risk self-assessment, to ensure appropriate controls are in place.</p>	<p>The Authority has an Anti-Fraud, Corruption and Bribery Policy setting out its stance and reporting protocols in relation to fraud.</p> <p>The work of the Internal audit service adopts a risk based approach and staff are appropriately trained / experienced to incorporate fraud awareness into their routine work.</p> <p>Fundamental financial systems are audited on an annual basis, either by full system audit or control risk self-assessment, to ensure appropriate controls are in place.</p>

Enquiries of management - in relation to fraud

Question	2018-19 Response	2019-20 Response
	<p>The Authority operates a whistle-blowing process to enable officers and Members to report concerns to nominated officers. This is available on the Authority's internet</p> <p>A fraud reporting facility is available via the internet and a dedicated phone line exists within the Internal Audit Service.</p> <p>Benefit and Council Tax fraud can be reported to a dedicated fraud officer within the Housing Benefits Section and a specific fraud hotline is in existence.</p>	<p>The Authority operates a whistle-blowing process to enable officers and Members to report concerns to nominated officers. This is available on the Authority's internet</p> <p>A fraud reporting facility is available via the internet and a dedicated phone line exists within the Internal Audit Service.</p> <p>Benefit and Council Tax fraud can be reported to a dedicated fraud officer within the Housing Benefits Section and a specific fraud hotline is in existence.</p>
<p>3. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>The Authority has an Anti-Fraud, Corruption and bribery policy setting out reporting protocols for fraud. The Chief Officer – Resources has delegated this function to the Head of Internal Audit.</p> <p>The Head of Internal Audit reports progress on all aspects of audit work including fraud to the Audit Committee.</p> <p>The annual report of the Head of Internal Audit is reported to the Audit Committee and includes an overview of any fraud detected during the year.</p>	<p>The Authority has an Anti-Fraud, Corruption and bribery policy setting out reporting protocols for fraud. The Chief Officer – Resources has delegated this function to the Audit and Risk Manager.</p> <p>The Audit and Risk Manager reports progress on all aspects of audit work including fraud to the Audit Committee.</p> <p>The annual report of the Audit and Risk Manager is reported to the Audit Committee and includes an overview of any fraud detected during the year.</p>
<p>4. How has management communicated expectations of ethical governance</p>	<p>Codes of conduct exist for both officers and Members. The Code of conduct for officers</p>	<p>Codes of conduct exist for both officers and Members. Declarations of interest are to</p>

Enquiries of management - in relation to fraud

Question	2018-19 Response	2019-20 Response
<p>and standards of conduct and behaviour to all relevant parties, and when?</p>	<p>is currently being reviewed / updated. Declarations of interest are to be completed by officers and Members where appropriate.</p> <p>The Authority has a policy framework that guides officers in the standards expected in conducting Council business.</p> <p>Management reporting structures, two way communication and regular departmental / team meetings reinforce the Authority's stance. Performance Coaching & 1-2-1's on an individual officer basis.</p>	<p>be completed by officers and Members where appropriate.</p> <p>The Authority has a policy framework that guides officers in the standards expected in conducting Council business.</p> <p>Management reporting structures, two way communication and regular departmental / team meetings reinforce the Authority's stance. Performance Coaching & 1-2-1's on an individual officer basis.</p>
<p>5. Are you aware of any instances of actual, suspected or alleged fraud within the audited body since 1 April 2019?</p>	<p>An internal investigation into suspected fraud was concluded in 2017/18. Staffing matters have been addressed through the corporate disciplinary policy and further Internal Audit work will be undertaken to assess systems. Reports will be issued to the Audit Committee accordingly.</p> <p>There is an ongoing police investigation concerning Silent Valley Waste Services, a wholly owned subsidiary of the Authority. The Wales Audit Office and the Chief Officer Resources have indicated that they are unable to sign off the Authority's 2016/17 and 2017/18 financial statements whilst this investigation continues.</p>	<p>An internal investigation into potential fraud and misappropriation at the BRC was concluded in 2019/20. The Audit Committee are to receive further details on the action plan developed to rectify the control weaknesses identified.</p> <p>Audit Wales are concluding their review of the arrangements between SVWS and the Council. A report is to be issued in the future.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2018-19 Response	2019-20 Response
<p>1. How does the Audit Committee, exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?</p>	<p>The Audit Committee approve policies in relation to fraud and whistle-blowing and receive updates / reviews as appropriate.</p> <p>Specific instances of fraud are reported to the Committee either as part of the regular Internal Audit Progress Report or as standalone items.</p> <p>An overview of any fraudulent activity is given in the Head of Internal Audit's Annual Report which is also received by the Committee.</p> <p>Control weaknesses are reported to the Committee throughout the year and Members are able to call Officers to the Committee for explanations / assurances.</p>	<p>The Audit Committee consider and approve policies in relation to fraud and whistle-blowing and receive updates / reviews as appropriate.</p> <p>Specific instances of fraud are reported to the Committee either as part of the regular Internal Audit Progress Report or as standalone items.</p> <p>An overview of any fraudulent activity is given in the Audit and Risk Manager's Annual Report which is also received by the Committee.</p> <p>Control weaknesses are reported to the Committee throughout the year and Members are able to call Officers to the Committee for explanations / to gain assurance.</p>
<p>2. Are you aware of any instances of actual, suspected or alleged fraud with the audited body since 1 April 2017?</p>	<p>An internal investigation into suspected fraud was concluded in 2017/18. Staffing matters have been addressed through the corporate disciplinary policy and further Internal Audit work will be undertaken to assess systems. Reports will be issued to the Audit Committee accordingly.</p> <p>There is an ongoing police investigation concerning Silent Valley Waste Services, a wholly owned subsidiary of the Authority. The Wales Audit Office and the Chief</p>	<p>An internal investigation into potential fraud and misappropriation at the BRC was concluded in 2019/20. The Audit Committee are to receive further details on the action plan developed to rectify the control weaknesses identified.</p> <p>Audit Wales are concluding their review into the arrangements between SVWS and the Council. A report is to be issued in the future.</p>

Enquiries of those charged with governance – in relation to fraud		
Question	2018-19 Response	2019-20 Response
	Officer Resources have indicated that they are unable to sign off the Authority's 2016/17 and 2017/18 financial statements whilst this investigation continues.	

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2018-19 Response	2019-20 Response
1. How have you gained assurance that all relevant laws and regulations have been complied with?	<p>Senior Officers are professionally qualified and are required to keep abreast of legislative and regulatory changes as part of the continuous professional development requirements of their qualifications.</p> <p>Reporting protocols require consultation with both the Chief Officer – Resources and the Head of Legal and Corporate Compliance.</p>	<p>Senior Officers are professionally qualified and are required to keep abreast of legislative and regulatory changes as part of the continuous professional development requirements of their qualifications.</p> <p>Reporting protocols require consultation with both the Chief Officer – Resources and the Head of Legal and Corporate Compliance.</p>
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2017, or earlier with an ongoing impact on the 2017-18 financial statements?	No, the Audit Committee is not aware of any non-compliance with relevant laws and regulations. Any such instances would be reported to the Committee if they occurred as happens in instances of noncompliance with e.g. Contract Procedure Rules.	No, management are not aware of any non-compliance with relevant laws and regulations. Any such instances would be reported to the Audit Committee if they occurred as happens in instances of noncompliance with e.g. Contract Procedure Rules.
3. Are there any potential litigations or claims that would affect the financial statements?	There are several ongoing litigations that could affect the financial statements. This is monitored by the Chief Officer – Resources. Where appropriate provisions have been made.	There are several ongoing litigations that could affect the financial statements. This is monitored by the Chief Officer – Resources. Where appropriate provisions have been made.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	N/A	N/A

Enquiries of those charged with governance – in relation to laws and regulations		
Question	2018-19 Response	2019-20 Response
1. How does the Audit Committee, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	The Audit Committee receive regular reports on the work of Internal Audit which include control weaknesses identified in the Authority's processes and procedures. Members of the Audit Committee are able to call Officers to account at the Audit Committee.	The Audit Committee receive regular reports on the work of Internal Audit which include control weaknesses identified in the Authority's processes and procedures. Members of the Audit Committee are able to call Officers to account at the Audit Committee.
2. Are you aware of any instances of non-compliance with relevant laws and regulations?	No, the Audit Committee is not aware of any non-compliance with relevant laws and regulations. Any such instances would be reported to the Committee if they occurred as happens in instances of noncompliance with e.g. Contract Procedure Rules.	No, the Audit Committee is not aware of any non-compliance with relevant laws and regulations. Any such instances would be reported to the Committee if they occurred as happens in instances of noncompliance with e.g. Contract Procedure Rules.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties		
Question	2018-19 Response	2019-20 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> the identity of any related parties, including changes from the prior period; the nature of the relationships with these related parties; details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions. 	<p>The Statement of Accounts discloses the identity of related parties and is compliant with the requirements of accounting legislation.</p>	<p>The Statement of Accounts discloses the identity of related parties and is compliant with the requirements of accounting legislation.</p>
<p>2. What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Statements are included in the Statement of Accounts acknowledging the relationships. The Statements are produced by experienced and qualified officers with an in depth knowledge of Council operations.</p>	<p>Statements are included in the Statement of accounts acknowledging the relationships. The Statements are produced by experienced and qualified officers with an in depth knowledge of Council operations.</p>

Enquiries of the those charged with governance – in relation to related parties		
Question	2018-19 Response	2019-20 Response
1. How does the Audit Committee , in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>The Audit Committee receive the Statement of Accounts and seek assurances from officers regarding their accuracy.</p> <p>Members are able to challenge / query any aspect of the accounts.</p>	<p>The Audit Committee receive the Statement of Accounts and seek assurances from officers regarding their accuracy.</p> <p>Members are able to challenge / query any aspect of the accounts.</p>

Committee: Audit Committee

Date of meeting: 29 September 2020

Report Subject: Draft Statement of Accounts 2019/2020

Report Submitted by: Rhian Hayden, Chief Officer, Resources

Report Written by: Tony Hagland, Senior Business Partner

Reporting Pathway							
Directorate Management Team	Corporate Leadership Team	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	23/09/20	29/09/20					Statutory Returns; Financial Governance

1. Purpose of the Report

- 1.1 To present for information the 2019/2020 Draft Statement of Accounts and the Authority's financial standing as at 31 March 2020 (subject to Audit).

2. Scope and Background

- 2.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 [the 2004 Act] and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.2 Section 25 of The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 specifies that the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting ("the Code") represents proper practice in preparing local authority accounts in compliance with section 8(1) of the 2014 Regulations.
- 2.3 Section 10A of the amended 2014 Regulations require a provisional (i.e. pre-audit) Statement of Accounts to be fully prepared by 15 June and certified by the Chief Officer - Resources as presenting a true and fair view of the Authority's financial position and its income and expenditure for the year ended 31 March 2020 and to publish its completed Statement of Accounts for the 2019/2020 financial year by the 15 September 2020.
- 2.4 During the initial stages of the Covid 19 pandemic, critical services were prioritised with staff being redeployed into those critical services to support the Council's response. As a result the completion of the Statement of Accounts was delayed with Wales Government recommending Welsh Authorities prepare their draft accounts by 31 August 2020 and publication of final audited accounts by 30 November 2020.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

- 2.5 Section 11 of the 2014 Regulations and Section 29 of the 2004 Act require that the Accounts and other documents are made available for public inspection for 20 working days.
- 2.6 The documents available for public inspection are specified by Section 30 of the 2004 Act and the security and control of this information is managed by senior staff within Accountancy during the period.
- 2.7 Section 31 of the 2004 Act provides for local electors to make objections to the External Auditor regarding any item of account that is contrary to law or any matter that could result in a report in the public interest. The auditor must appoint a date on or after which these rights can be exercised.
- 2.8 To this end, the Accounts, having been re-certified by the Chief Officer - Resources, will be re-presented to the Audit Committee for approval in November. Following approval, the Chair of the Audit Committee (as the person presiding over the meeting) is required to sign and date the Accounts.
- 2.9 Whilst the Authority would normally then anticipate receiving a signed audit opinion from the Auditor General for Wales the ongoing investigation into matters raised in respect of the 2016/2017 Accounts, and the absence of an opinion for that financial year and for 2017/2018 & 2018/19, would have a bearing on the ability to issue an opinion for 2019/2020.
- 2.10 However the Council is anticipating that Audit Wales will shortly be in a position to provide an Audit opinion on the Accounts for 2016/17, 2017/18 and 2018/19.
- 2.11 If the final statutory report presented by the Audit Wales were to contain any material qualification issues, the audited Statement of Accounts may also need to be reported to Council.

Options for Recommendation *To include Recommendation(s) / Endorsement by other groups, e.g. CMT/Committees/Other groups)*

- 3.1 The Audit Committee receives the Draft 2019/2020 Statement of Accounts for information, prior to the requirement to consider for approval in November.
- 4. **Evidence of how does this topic supports the achievement of the Council Priorities / Statutory Responsibilities / National Well-being Goals etc**
 - 4.1 **Statutory Responsibilities**
The Statement of Accounts is prepared in accordance with relevant statutory and regulatory provisions, accounting codes of practice and accounting standards. It details the financial transactions of the Authority for the 2019/2020 financial year and the value of assets, liabilities and reserves at the balance sheet date (31 March 2020).

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

5. Implications Against Each Option

5.1 Financial

- 5.1.1 Revenue Expenditure and Outturn (*Expenditure & Funding Analysis, page 43*) reports Net Outturn on Portfolios excluding School Spending, as included in Management Accounts, as £146.709m. This represents a provisional favourable variance of £0.568m compared to the revised budget for the year.
- 5.1.2 In addition to the Management Accounts position other accounting adjustments are required to comply with the Accounting Code. These adjustments result in an accounting surplus of £1.331m which after the transfer of £0.878m to earmarked reserves results in a net increase in the Council Fund General Reserve of £0.453m.
- 5.1.3 Capital Expenditure on schemes for the year amounted to £15.466m (*Property, Plant & Equipment note 24.5, page 74*).
- 5.1.4 Where required by the Accounting Code and IAS 37 (*Provisions, contingent liabilities and contingent assets*), specific sums have been provided in relation to known liabilities. Total provisions held at 31 March 2020 amounted to £4.193m (*Provisions, Contingent Liabilities and Contingent Assets Note, pages 84-87*), with the most significant provisions being in respect of Insurance (£3.400m) and Part 1 Land Compensation Claims (£0.352m).
- 5.1.5 The level of earmarked reserves has been determined in accordance with the agreed reserves protocol.
- 5.1.6 The level of usable reserves available to the Authority has increased by £1.517m in 2019/2020. A summary of the provisional strategic financial position of the Authority, is given below:

Usable Reserves	31 March 2019	Increase/ (Decrease)	31 March 2020
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Council Fund	5,894	453	6,347
Earmarked Reserves	6,831	878	7,709
Usable Capital Receipts	6,504	296	6,800
Capital Grants Unapplied	659	(110)	549
Total Usable Reserves	19,888	1,517	21,405

- 5.1.7 The Council has agreed to set a Council Fund target level of 4%. As at 31 March 2019, the Council Fund balance of £5.894m equated to 4.39%. As at 31 Fund balance of £6.347m equates to 4.69%.

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

5.2 Risk

- 5.2.1 Achievement of the statutory requirements in relation to the annual Accounts is important in terms of demonstrating that the Authority has the appropriate governance arrangements in place to manage the reporting of its strategic financial affairs. Failure may result in reputational damage for the Council. A planned approach has ensured that statutory requirements have been met.

5.3 Legal

- 5.3.1 The requirements for preparation, inspection, audit, approval and publication of Local Authority annual accounts are specified in the Public Audit (Wales) Act 2004 [the 2004 Act] and the Accounts and Audit (Wales) Regulations 2014 [the 2014 Regulations] as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

5.4 Personnel

- 5.4.1 There are no direct personnel/staffing implications arising out of this report.

6. Supporting Evidence

6.1 Performance Information and Data

- 6.1.1 The Draft Statement of Accounts for 2019/2020 has been prepared in accordance with the relevant statutes, regulations, accounting codes and standards. As a result of the Covid 19 pandemic, publication and certification deadlines specified in regulations have not been achieved, but this is in accordance with Welsh Government's clarification of expected timescales for preparation of the 2019/2020 accounts. Consequently, statutory notices have been prepared and published in compliance with Section 10(4) of the 2014 Regulations, outlining the reasons for the lack of certification and the intended course of action to be taken to resolve this situation.
- 6.1.2 The External Auditor (i.e. Audit Wales) has commenced a detailed financial audit of the individual disclosure notes and accounts that comprise the overall Statement and is expected to finalise the Audit of Financial Statements Report in November.
- 6.1.3 The period of public inspection has been advertised and will take place from Monday 5 October 2020 until Friday 30 October 2020 inclusive. The auditor has given notice that the date on or after which electors may exercise their rights to objections is Monday 2 November 2020.
- 6.1.4 If there are any matters to be reported to Members arising out of the above, then these will be reported separately. Any issues arising from the external audit of the Statement of Accounts or objections raised during the inspection

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

period will be presented to the Audit Committee in November as part of the Auditor's formal Audit of Financial Statements.

6.1.5 Section 22 of the 2004 Act requires the External Auditor to consider whether a report should be made in the public interest for any matter arising during the course of the audit, including from objections made following public inspection.

6.1.6 The Draft Statement of Accounts 2019/2020 was prepared by 21 September 2020, as agreed with Audit Wales.

6.2 **Expected outcome for the public**

6.2.1 Preparation of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.3 **Involvement** (*consultation, engagement, participation*)

6.3.1 Not applicable.

6.4 **Thinking for the Long term** (*forward planning*)

6.4.1 Preparation of statutory accounts helps demonstrate stewardship of the Authority's resources and its ability to provide services to the local community in the short and long term.

6.5 **Preventative focus**

6.5.1 Not applicable.

6.6 **Collaboration / partnership working**

6.6.1 Not applicable.

6.7 **Integration**(**across service areas**)

6.7.1 Not applicable.

6.8 **EqlA**

6.8.1 An EQIA is not required as this report provides an actual outturn position in relation to the Authority's transactions and year-end balances for the financial year, on an objective basis in accordance with relevant accounting standards, codes, concepts, principles, guidance and legislation.

7. **Monitoring Arrangements** (*State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*)

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

- 7.1 The Council takes into consideration the financial standing of the Authority as reported within the attached Draft Statement of Accounts for 2019/2020 when monitoring budgets for 2020/2021, setting a Revenue Budget for 2021/2022 and in developing future medium term spending plans.

Background Documents /Electronic Links

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

2019/2020

Draft Statement of Accounts

September 2020

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Blaenau Gwent

County Borough Council



Cover Photo: "The Wheel", Ebbw Vale.



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County Borough Council

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Abbreviations and Terms Used in the Statement of Accounts

AEF	Aggregate External Finance	GMiRS	Group Movement in Reserves Statement
ALT	Aneurin Leisure Trust	GMP	Guaranteed Minimum Pension
AW	Audit Wales	GTU	Gwent Transport Unit
BS	Balance Sheet	GWICES	Gwent Wide Integrated Community Equipment Service
CARE	Career Average Revalued Earnings	HMRC	Her Majesty's Revenue & Customs
CBC	County Borough Council	HMT	Her Majesty's Treasury
CC	City or County Council	HRA	Housing Revenue Account
CCP	Collaborative Change Programme	IAS	International Accounting Standard
CCRCD	Cardiff City Region City Deal	ICT	Information and Communications Technology
CDS	Credit Default Swap	IFRS	International Financial Reporting Standard
CIES	Comprehensive Income and Expenditure Statement	IPSAS	International Public Sector Accounting Standard
CIPFA	Chartered Institute of Public Finance and Accountancy	ISB	Individual Schools Budget
CPFA	Chartered Public Finance Accountant	LASAAC	Local Authority (Scotland) Accounts Advisory Committee
CPI	Consumer Price Index	LGPS	Local Government Pension Scheme
DRC	Depreciated Replacement Cost	LLP	Limited Liability Partnership
EAS	Education Achievement Service (for South-East Wales)	LMS	Local Management of Schools
EEA	European Economic Area	LOBO	Lender's Option Borrower's Option
EFA	Expenditure and Funding Analysis	MiRS	Movement in Reserves Statement
EFTA	European Free Trade Association	MMI	Municipal Mutual Insurance
EU	European Union	MRICS	Member of the Royal Institution of Chartered Surveyors
EUV	Existing Use Value	MRP	Minimum Revenue Provision
FRS	Financial Reporting Standard	MTFS	Medium Term Financial Strategy
FSS	Funding Strategy Statement	NHS	National Health Service
FTSE	Financial Times Stock Exchange	NNDR	National Non-Domestic Rates
GBS	Group Balance Sheet	NPV	Net Present Value
GCIES	Group Comprehensive Income and Expenditure Statement	NRW	Natural Resources Wales
GGCJC	Greater Gwent Cremation Joint Committee	PPE	Property, Plant and Equipment
GJRC	Gwent Joint Records Committee	PWLB	Public Works Loan Board

Abbreviations and Terms Used in the Statement of Accounts

REFCUS	Revenue Expenditure Funded from Capital Under Statute
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RSG	Revenue Support Grant
SCR	Standard Contribution Rate
SeRCOP	Service Reporting Code of Practice
SEWSPG	South East Wales Planning Group
SPA	State Pension Age
SRS	Shared Resource Services
STCA	Short-Term (Accumulating) Compensated Absences
STRGL	Statement of Total Recognised Gains and Losses
SVWS Ltd.	Silent Valley Waste Services Ltd
TPS	Teachers Pension Scheme (<i>also</i> : uTPS)
UK GAAP	United Kingdom Generally Accepted Accounting Principles (and/or Practices)
UKGN	United Kingdom Guidance Notes (RICS)
UKVS	United Kingdom Valuation Standards (RICS)
uTPS	Unfunded Teachers Pension Scheme (<i>also</i> : TPS)
VAT	Value Added Tax
WAO	Wales Audit Office
WG	Welsh Government
WRAP	Waste & Resources Action Programme
WTO	World Trade Organisation



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Blaenau Gwent

County Borough Council

Narrative Report

1. Introduction

The purpose of this Narrative Report is to offer a guide to the economic context in which the Authority operates, provide an overview of the most significant matters affecting the Accounts, outline the changes in accounting policies applied in preparing the Accounts and explain the Authority's overall financial position.

The financial statements cover the period 1 April 2019 to 31 March 2020 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Amounts in these Accounts have been rounded and presented to the nearest thousand Pound (£000), except where disclosure to the nearest Pound is required to aid in presentation and understanding.



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Blaenau Gwent

County Borough Council



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Statement of Responsibilities

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 Officer - Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Responsibilities of the Chief Officer - Resources

The Chief Officer - Resources 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 Officer - Resources has:

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

The Chief Officer - Resources has also:

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

Certification of Accounts

In my opinion the Statement of Accounts gives a true and fair view of the financial position of Blaenau Gwent County Borough Council and the Blaenau Gwent County Borough Council Group as at 31 March 2020, and of their expenditure and income for the year then ended.

Chief Officer - Resources

Date



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County Borough Council

Draft - Subject to Audit

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...the Statement of Accounts comprise the financial statements and the notes to the accounts, including the summary of significant accounting policies...



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County Borough Council

Comprehensive Income and Expenditure Statement

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

Comprehensive Income & Expenditure Statement	2019/2020			2018/2019			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	50,550	(25,264)	25,286	52,527	(28,457)	24,070	16	55
Education	20,351	(6,013)	14,338	17,706	(5,404)	12,302		
Education - Schools	47,470	(5,289)	42,181	45,984	(4,749)	41,235	29	80
Environment	36,457	(7,556)	28,901	33,624	(8,489)	25,135		
Cardiff Capital Region City Deal	113	(232)	(119)	62	(196)	(134)	42	117
Regeneration & Economic Development	5,799	(3,647)	2,152	5,375	(3,339)	2,036		
Social Services	68,730	(22,698)	46,032	63,460	(18,748)	44,712	11	50
Licensing	209	(130)	79	197	(133)	64		
Planning	1,414	(457)	957	1,610	(651)	959		
Total Deficit on Continuing Services	231,093	(71,286)	159,807	220,545	(70,166)	150,379	7	43

Comprehensive Income & Expenditure Statement (Continued)	2019/2020			2018/2019			Note:	Page:
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		
Total Deficit on Continuing Services	231,093	(71,286)	159,807	220,545	(70,166)	150,379		
Other Operating Expenditure	10,698	(595)	10,103	9,042	(413)	8,629	8, 18, 19	48, 56, 57
Financing and Investment Income & Expenditure	21,749	(9,333)	12,416	21,287	(9,902)	11,385	9	49
Taxation & Non-Specific Grant Income	0	(162,171)	(162,171)	0	(154,987)	(154,987)	10, 17, 18, 20	49, 56, 58
(Surplus)/Deficit on Provision of Services	263,540	(243,385)	20,155	250,874	(235,468)	15,406	7	43
Tax Expenses			25			25	42	117
(Surplus)/Deficit on Provision of Services <i>less</i> Tax Expenses			20,180			15,431	MiRS	23-24
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(6,213)			(394)	38	111
Remeasurement of the net defined benefit pension liability			(76,068)			41,883	37	97
Other Comprehensive Income & Expenditure			(82,281)			41,489	MiRS, 22	23-24, 63
Total Comprehensive Income & Expenditure			(62,101)			56,920	MiRS	23-24

Movement in Reserves Statement

This statement shows the movement in the year on the 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 unusable reserves. The *(Surplus) or Deficit on the Provision of Services* line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This cost is different from the statutory amount required to be charged to the Council Fund for Council Tax setting purposes. The *Net (Increase)/Decrease before Transfers to Earmarked Reserves* line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority. Earmarked Reserves have been disclosed separately in the MiRS to provide users with information regarding the use of these balances in comparison to the use of the Council Fund.

Movement in Reserves Statement	Council Fund	Earmarked Council Fund Reserves	Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note	Page
			Capital Receipts Reserve	Capital Grants Unapplied					
2018/2019	£000	£000	£000	£000	£000	£000	£000		
Balance at 31 March 2018	(5,500)	(5,019)	(8,326)	(668)	(19,513)	168,067	148,554		
Adjustments to brought forward balances	0	(92)*	0	0*	(92)	(15)	(107)		
Revised Balance at 1 April 2018	(5,500)	(5,111)	(8,326)	(668)	(19,605)	168,052	148,447		
Total Comprehensive Income and Expenditure	15,431	0	0	0	15,431	41,489	56,920	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(17,545)	0	1,822	9	(15,714)	15,714	0	23	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	(2,114)	0	1,822	9	(283)	57,203	56,920		
Transfers (to) Council Fund from Earmarked Reserves	1,720	(1,720)	0	0	0	0	0	38	108-109
(Increase)/Decrease in 2018/2019	(394)	(1,720)	1,822	9	(283)	57,203	56,920		
Balance at 31 March 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,255	205,367	BS	25

*: Earmarked Reserve balances at 1 April 2018 were amended to reflect adjustments in the audited Cardiff Capital Region City Deal accounts for 2017/2018, increasing the Blaenau Gwent share of earmarked reserves by £0.092m and unusable reserves (the capital adjustment account) by £0.015m.

Unusable Reserves (Capital Adjustment Account £0.282m and Revaluation Reserve £1.083m) were also increased to adjust for a revaluation increase related to 2016/2017.

Movement in Reserves Statement 2019/2020	Council Fund £000	Earmarked Council Fund Reserves £000	Capital Reserves		Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Note	Page
			Capital Receipts Reserve £000	Capital Grants Unapplied £000					
Balance at 31 March 2019	(5,894)	(6,831)	(6,504)	(659)	(19,888)	225,255	205,367	BS	25
Total Comprehensive Income and Expenditure	20,180	0	0	0	20,180	(82,281)	(62,101)	CIES	22
Adjustments between accounting basis & funding basis under statutory provisions	(21,511)	0	(296)	110	(21,697)	21,697	0	23	64-66
Net (Increase)/Decrease before transfers to Earmarked Reserves	(1,331)	0	(296)	110	(1,517)	(60,584)	(62,101)		
Transfers from Council Fund to Earmarked Reserves	878	(878)	0	0	0	0	0	38	108-109
(Increase)/Decrease in 2019/2020	(453)	(878)	(296)	110	(1,517)	(60,584)	(62,101)		
Balance at 31 March 2020	(6,347)	(7,709)	(6,800)	(549)	(21,405)	164,671	143,266	BS	25

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 reserves held, reported in two categories:

- Usable reserves are those reserves that the Authority may use to provide services, subject to any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt) and the need to maintain a prudent level of reserves.
- Unusable reserves are those that the Authority is not able to use to provide services. This category 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 statutory provisions' (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

Balance Sheet	31 March 2020		31 March 2019		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	268,922		264,264		24, 26, 29	67-74, 76, 79
Heritage Assets	531		413		25	74-75
Non-Current Investments	250		250		27	78
Non-Current Debtors	3,220		4,490		28	79
Sub Total: Long-Term Assets		272,923		269,417		
Assets Held for Sale	590		880		24	70-72
Inventories	396		461			
Current Debtors	25,726		16,987		30	81-83
Cash and Cash Equivalents	5,573		10,574		41	116
Sub Total: Current Assets		32,285		28,902		
Current Borrowing	(69,479)		(73,103)		34-35	88-93
Current Creditors	(13,854)		(11,414)		31	83
Current Grants Receipts in Advance	(1,964)		(2,301)		20	58
Current Provisions	(2,159)		(2,970)		32	84-86
Sub Total: Current Liabilities		(87,456)		(89,788)		
Non-Current Borrowing	(89,548)		(84,439)		34-35	88-93
Non-Current Provisions	(2,034)		(1,816)		32	84-86
Other Long-Term Liabilities	(269,449)		(327,643)		33, 37	87, 95-104
Sub Total: Long-Term Liabilities		(361,031)		(413,898)		
Total Net Assets/(Liabilities)		(143,279)		(205,367)		
Usable Reserves	(21,405)		(19,888)		38.1	104-109
Unusable Reserves	164,671		225,255		38.2	110-113
Total Reserves		143,266		205,367		

Cash Flow Statement

The Cash Flow Statement summarises the cash and cash equivalent transactions of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash inflows and (outflows) as operating, investing and financing activities.

- The amount of net cashflows 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.
- Investing activities represent cashflows relating to the acquisition, disposal and funding via capital grant of resources which are intended to contribute to the Authority's future service delivery, i.e. non-current assets.
- Cashflows arising from financing activities represent the extent to which borrowing and similar charges have increased/decreased during the year and are useful in predicting claims on future cash flows by providers of capital to the Authority.

Cash Flow Statement	2019/2020		2018/2019		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	(20,180)		(15,431)		CIES	22
Adjustments to the provision of services for non-cash movements	30,201		23,632		39.1	114
Adjustments for items included in the provision of services that are investing and financing activities	(12,896)		(6,844)		39.2	114
Net Cash Inflows/(Outflows) from Operating Activities		(2,875)		1,357		
Investing activities		(3,597)		(6,947)	40.1	115
Financing activities		1,471		8,767	40.2	115
Net increase or (decrease) in cash and cash equivalents		(5,001)		3,177		
Cash and cash equivalents at the beginning of the reporting period		10,574		7,397	B5, 41	25, 116
Cash and cash equivalents at the end of the reporting period		5,573		10,574	B5, 41	25, 116



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

County Borough Council

Notes to the Accounts

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/2020 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (Wales) Regulations 2014.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 and the Service Reporting Code of Practice 2019/2020, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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 Back Pay Arising from Unequal Pay Claims

The Authority has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred prior to the implementation of the Authority's equal pay strategy.

Provisions made in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended in 2018, give discretion to local authorities not to charge to revenue a provision for back pay arising from unequal pay claims until cash settlement takes place. The regulations currently apply to liabilities recognised before 1 April 2020. The Authority has exercised its discretion in not charging equal pay claims to revenue accounts until the settlement has occurred. The provision for back pay is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the Council Fund balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the Council Fund balance in the Movement in Reserves Statement in future financial years as payments are made.

1.3 Employee Benefits

1.3.1 Post Employment Benefits

The Local Government Pension Scheme

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

- The liabilities of the Greater Gwent (Torfaen) 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, etc., and projections of earnings for current employees.
- The assets of Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.

- Liabilities are discounted to their value at current prices, with the default accounting assumptions used by Hymans Robertson being:

Duration Category	31 March 2020			31 March 2019		
	Discount			Discount		
	Rate	RPI	CPI	Rate	RPI	CPI
	%	%	%	%	%	%
Short (Less than 17 years)	2.3	2.9	2.0	2.4	3.5	2.5
Medium (between 17 and 23 years)	2.3	2.8	1.9	2.4	3.5	2.5
Long (over 23 years)	2.3	2.7	1.8	2.5	3.4	2.4

Discount rates have been derived for each duration profile at which payments may be due, based on a 'Hymans Robertson' corporate bond yield curve, constructed on the basis of the constituents of the iBoxx AA-rated corporate bond index.

Remeasurements of the net defined benefit liability

- Actuarial gains and losses - changes in the present value of the defined obligation resulting from changes in actuarial assumptions or the effects of differences between actuarial assumptions and actual events - debited or credited to the Remeasurement of the net defined benefit liability line in the CIES.
- Return on plan assets, excluding amounts included in Net Interest on the net defined benefit liability - the sum of any interest, dividends and other income derived from plan assets, together with realised and unrealised gains or losses, less any costs of managing plan assets and tax payable by the plan. Interest on plan assets is determined by multiplying the fair value of plan assets by the rate used to discount liabilities - credited to the Remeasurement of the net defined benefit liability line in the CIES.

In relation to retirement benefits, statutory provisions require the Council 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.3.2 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.

1.4 Financial Instruments

Valuation of Assets and Liabilities Carried at Amortised Cost

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

- The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender. This is the rate applicable in the market on the date of valuation (31 March 2020) for an instrument with the same duration, i.e. equal to the outstanding period from valuation date to maturity. For Public Works Loan Board (PWLB) borrowing the new PWLB borrowing rate has been used.
- Interest is calculated using the most common market convention (actual number of days/365).
- For fixed term deposits it is assumed that interest is received on maturity.

Fair value disclosures have not been calculated for short term financial assets including receivables (debtors), or short term financial liabilities including payables (creditors), since the carrying amounts represent a reasonable approximation of fair value.

Premiums/Discounts

1. Where premiums/discounts arising before April 2006 could be attributed to the replacement debt, then they were amortised using an effective interest basis and were included as part of the replacement loan carrying amount as at 31 March 2007. The additional interest resulting from the effective interest method is charged to the Comprehensive Income & Expenditure Statement.
2. Where premiums/discounts arising before 1 April 2006 could not be attributed to identifiable loan debt on the closing 2006/2007 Balance Sheet, then they were derecognised by writing off the balance as at 31 March 2007 to the Council Fund/HRA balance and then reversing out through the Financial Instruments Adjustment Account. The premium/discount write down for future years is charged/(credited) to the Movement in Reserves Statement.
3. Where premiums/discounts have arisen after 1 April 2006, then the accounting treatment depends upon whether it can be classified as a modification or an extinguishment. In order to be classified as a modification, then the repayment and replacement must be on the same day and must meet the 10% test. If the modification test cannot be met then it is treated as an extinguishment. All post April 2006 premiums/discounts do not meet the modification test and therefore have been accounted for as extinguishments, with the accounting treatment being the same as for (2) above.

Interest

The interest expense & income disclosed in the Comprehensive Income & Expenditure Statement is calculated as follows:

- PWLB debt - on a nominal basis, with the exception of loans where premiums/discounts are included as part of the carrying amount, where interest is calculated using an effective interest basis.
- LOBO debt - on an amortised cost basis using an effective interest basis.
- Market loans - on a nominal basis.
- Temporary Loans & Investments - on a nominal basis.

1.5 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.6 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using last known cost.

1.7 Leases

Leases held by the Authority are defined as being finance leases or operating leases in accordance with the requirements of the Code and IAS17.

A Finance Lease is a lease that transfers substantially all the risks and rewards incidental to ownership to the lessee. The Code does not provide definitive guidance as to the meaning of 'substantially all' and the Authority has therefore exercised judgement in determining the status of each lease according to context.

The following accounting treatment applies to each type of lease:

Finance Lease

Where the Authority is lessee, the asset is recognised in the Authority's Balance Sheet, together with matching liabilities in respect of rentals. The asset is then accounted for in accordance with the capital accounting process:

- Depreciation is charged to the service revenue account over the useful life of the asset (or the lease term of the lease if shorter);
- The principal element of the lease rental writes down the liability;
- The interest element of the lease rental is charged to the revenue account;
- MRP equal to the principal element of the finance lease rental is charged to the revenue account; and
- Adjusting entries are made to ensure that the revenue accounts are only charged with the annual lease rentals.

Where the Authority is lessor, the asset is not on the Authority's Balance Sheet, as substantially all the risks & rewards of ownership have been transferred to the third party. The accounting process is as follows:

- A long term lease debtor is set up for the principal amount outstanding (the net investment in the lease)
- Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, the Deferred Capital Receipts Reserve is credited with the total value of the lease asset due.
- Lease income received from the third party is split into principal and interest. The principal element is treated as a capital receipt and will write down the long term lease debtor.
- The interest element is credited to the Comprehensive Income & Expenditure Statement as financing and investment income.
- For leases entered into prior to 31 March 2010, the capital accounting regulations allow mitigating accounting entries that enable the principal element to continue to be treated as revenue income.

Operating Lease

Where the Authority is lessee, operating lease payments are charged to revenue as they become payable. No asset is created in the Authority's Balance Sheet.

Where the Authority is lessor, the asset is recognised in the Authority's Balance Sheet, depreciation is charged to the service revenue account over the useful life of the asset and lease income received from the third party is credited to the revenue account.

Service Concessions and Arrangements Containing Leases

The Authority currently has no such arrangements.

1.8 Fair Value Measurement

The Authority measures some of its non-financial assets such as Surplus Assets and Assets Held for Sale at fair value at each reporting date in accordance with the measurement requirements of IFRS13 *Fair Value Measurement*.

Surplus assets are defined as Property, Plant & Equipment (PPE) assets that do not provide service potential for the Authority and are therefore not measured for their service potential but for the economic benefits inherent in the assets. They are revalued at fair value at the point of being declared surplus and then in accordance with the usual 5 year rolling programme of revaluations.

Assets Held for Sale are assets where it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use. They are held at the lower of carrying amount (before reclassification) or Fair Value.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. In considering alternative higher and best uses for the asset being valued, consideration has been given to value for the asset that may not necessarily be reflected in the existing configuration or use of the asset. In the consideration of alternatives the physical, legal and financial feasibility of that alternative has been taken into account.

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

Inputs to the valuation techniques in respect of non-financial assets 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

All valuations for surplus assets and assets held for sale fall into the level 3 category, due to the nature of the valuation technique. The valuation technique maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of the Authority's surplus assets are disclosed in the note 24.2 to the Balance Sheet (pages 70-72).

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to surplus assets under PPE and valued at fair value in accordance with the fair value measurement requirements of IFRS13 (*see Accounting Policy 1.8*).

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale, but are treated as surplus assets within Property, Plant & Equipment.

The following criteria have to be satisfied in order to classify an asset as held for sale:

- The asset must be available for immediate sale;
- The sale must be highly probable & there must be an active programme to locate a buyer;
- The asset must be marketed for sale at a price that is reasonable in relation to its fair value; and
- The sale should be anticipated to be completed within one year from the date of classification.

All Assets Held for Sale are included in the Balance Sheet as Current Assets.

1.10 Surplus Non-Current Assets Under PPE

Assets that have been declared surplus that do not meet the criteria above are reclassified as surplus assets under PPE and valued at fair value at the point they are declared surplus. This will be its highest and best use in accordance with the fair value measurement requirements of IFRS13 (*see Accounting Policy 1.8*).

1.11 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2019/2020 (SeRCoP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCoP and accounted for within the Corporate Services Portfolios in the Expenditure & Funding Analysis (EFA), as part of Net Expenditure on Continuing Services.

The total actual costs of central departments are recharged as central support charges to services on the basis of estimated staff time. Office accommodation charges are pooled and allocated on the basis of floor area. I.T. recharges are made on the basis of hardware and software usage.

The Authority's Management Accounts, included in the EFA, reflect the proper allocation of overhead and support costs to services. Where recharges are made between accounting segments (i.e. Portfolios), these have been removed by adjustment in the EFA and are not included in the Comprehensive Income & Expenditure Statement.

1.12 Property, Plant and Equipment

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

1.12.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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.

Only expenditure in excess of £50,000 has been capitalised, with amounts below this threshold being charged directly to revenue. The exceptions to this are highways and health & safety assets that individually fall below this de-minimis level but are capitalised because they are treated as one single item of expenditure in the year and expenditure that has a capital grant approval.

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; and
- 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 cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- Infrastructure assets - depreciated historical cost. Not all roads and infrastructure assets are included in the Balance Sheet as the asset valuation reflects historic expenditure incurred on such assets from a point in time. Any roads provided by private developers that are adopted by the Authority are not individually recognised on the Balance Sheet and are effectively recorded at nil value;
- Community assets and assets under construction - depreciated historical cost;
- All other operational PPE assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value; and
- Surplus Assets under PPE - fair value in accordance with the definitions and measurement requirements in IFRS13.

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

Where decreases in value are identified, the accounting treatment is:

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

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.

1.12.2 Impairment

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

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

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

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

1.12.3 Depreciation

Depreciation is provided for on all Property, Plant and Equipment 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:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment - straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer; and
- Infrastructure - straight-line allocation over 40 years.

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.

Where qualifying assets have been acquired or disposed of part way through the year, depreciation has been charged on a daily basis.

For buildings, a technical assessment of the useful life of the asset is made by the Authority's Property Services Manager.

For other asset-types, the following standard lives have been used to calculate depreciation amounts:

Asset Type	Standard Life (Years)
Vehicles	5
Equipment [†]	10
I.T. Equipment [†]	5
Infrastructure Assets	40
Street Lighting	40

[†]: In some cases the relevant technical officer may provide a different assessment of the useful life.

1.12.4 Disposals

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 (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. These 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 Council Fund Balance in the Movement in Reserves Statement.

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

1.12.5 Componentisation

The following policy has been adopted for the componentisation of assets and applied to assets as acquired, enhanced and revalued:

- A material component is defined as one that has a gross replacement cost in excess of 25% or the total gross replacement cost for the asset;
- Where material components have been identified the current carrying amount of that component is reflected as a separate asset and depreciated over the life of that component.

1.13 Heritage Assets

Tangible heritage assets are defined as having historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Intangible heritage assets are defined as having cultural, environmental, or historical significance.

The Authority has identified two monuments meeting the definition of heritage assets, which have been valued on the basis of annually updated insurance replacement cost. Where significant physical deterioration or damage has occurred to the assets, this has been recognised as an impairment charge. The useful lives of these assets have been assessed as 'indefinite' and therefore no depreciation is charged.

The acquisition of heritage assets is a rare occurrence; in the event a new asset is acquired or identified it will be valued using an appropriate basis (where the expected value is estimated to be significant). Given the nature of heritage assets identified for inclusion in the accounts, disposal is also a rare occurrence. On disposal, proceeds would be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts as outlined in section 1.12.4.

An Heritage Assets Register is maintained by the Authority which details qualifying assets within the boundaries of the County Borough, including those assets identified as heritage assets for the purposes of the Statement of Accounts.

Both monuments identified as heritage assets are located in areas with free and open public access.

1.14 Minimum Revenue Provision

Local Authorities are normally required each year to set aside some of their revenues as provision for capital expenditure financed by borrowing or credit arrangements. This is referred to as Minimum Revenue Provision (MRP).

The Welsh Government issued regulations for the making of MRP with effect from the 2008/2009 financial year, requiring Local Authorities to make a prudent provision for MRP. Local Authorities are legally obliged to “have regard” to such guidance (i.e. set a prudent MRP). The legislation does not define what constitutes a “prudent provision”, however the MRP guidance issued by the Secretary of State interprets the term and provides some examples.

The MRP for 2019/2020 has been calculated in accordance with the amended MRP policy that was approved by full Council in December 2017, using the following method:

- Supported Borrowing - MRP is calculated on a straight-line basis, at 2% of capital expenditure incurred.
- Unsupported Borrowing - For all debt not in receipt of revenue support from central government, MRP is made on an annuity basis over the life of the asset.
- Finance Leases - the MRP for finance leases is equal to the principal element of the rental payable each year.

As existing Council Taxpayers have been charged in previous years for MRP that has subsequently been reduced as a result of the retrospective policy changes introduced in 2018/2019, the level of MRP made in year has been reduced in order to provide those Taxpayers with the policy benefits arising within a reasonable time-frame. In 2019/2020 MRP has therefore been reduced by £3.2m, with further planned reductions of £3.2m per annum for the financial years 2020/2021 and 2021/2022.

1.15 Tax Income (Council Tax and National Non-Domestic Rates (NNDR))

The Authority follows the principles in IPSAS23 *Revenue from Non-Exchange transactions (Taxes and Transfers)* in respect of accounting for tax income collected, except where interpretations or adaptations to fit the public sector are detailed in the Code.

Council Tax

The Authority collects and distributes Council Tax on behalf of Gwent Police and four town or community councils. The precept for each of these bodies is paid in full during the financial year and is not affected by the level of Council Tax actually collected. As payment is made in full, there are no debtor or creditor balances recognised for precepting bodies on the Balance Sheet.

The Comprehensive Income & Expenditure Statement recognises the amount due to the Authority for the year. Any surplus or deficit arising on collection is also included in Taxation and Non-Specific Grant Income.

Council Tax Reduction Scheme (CTRS)

Costs relating to the Council Tax Reduction Scheme are included as expenses paid through the tax system and in accordance with IPSAS 23 are recognised as a service cost and not a reduction of Council Tax income through foregone revenues.

National Non-Domestic Rates (NNDR)

The Authority collects National Non-Domestic Rates (NNDR) under an agency arrangement with the Welsh Government. Cash collected from non-domestic ratepayers is not the income of the Authority and is therefore not included in its Accounting Statements. Debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are not the assets and liabilities of the Authority and are therefore not recognised in the Balance Sheet.

A debtor or creditor is included for cash collected on an agency basis that has been under or overpaid to the Welsh Government at the Balance Sheet date. The Comprehensive Income and Expenditure Statement includes the Authority's contribution due from the NNDR Pool, the cost of collection allowance for the year and accrued amounts billed in pursuit of unpaid NNDR debts.

1.16 Joint Arrangements

Joint Arrangements involve the provision of services by two or more parties that have joint control over the activity, bound by contract. These arrangements can be classed as Joint Ventures or Joint Operations, depending on the status of the arrangement as an entity in its own right, the degree to which the owning parties have control over the entity and the governance arrangements in place.

In assessing the joint arrangements in which Blaenau Gwent participates, it has been concluded in each case that no separate legal entity exists and that the Authority does not have control (as defined by the Accounting Code and IFRS10). Consequently, the accounts of these arrangements have not been consolidated in the group accounting statements and in each case the Comprehensive Income and Expenditure Account reflects the transactions occurring between the Authority and the joint arrangement.

The Cardiff Capital Region City Deal (CCRCDD) is a joint arrangement classed as a joint operation involving 10 local authority partners in South-East Wales. In accordance with the Code requirements, the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures.

1.17 Accounting for Schools

The Accounting Code includes a prescribed treatment for the inclusion of schools in the Statement of Accounts. CIPFA/LASAAC is of the view that local authority maintained schools are capable of being treated as separate entities for control purposes, and that based on the indicators of control identified under the requirements of the Code's adoption of IFRS10 *Consolidated Financial Statements*, the balance of control lies with local authorities. Consequently, schools should be included in group accounts. However, the Code also includes an adaptation to the definition of single entity financial statements to include the income, expenditure, assets, liabilities, reserves and cash flows of local authority maintained schools.

All maintained schools in the County Borough are now therefore considered to be entities controlled by the Authority, with the income, expenditure, assets, liabilities, reserves and cash flows of each school recognised in the single entity accounts on the basis outlined below. The Authority has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

Schools Non-Current Assets are recognised on the Balance Sheet where the Authority directly owns the assets, holds the balance of control of the assets or where the school or the school Governing Body own the assets or have had rights to use the assets transferred to them. Land and buildings used by schools are recognised in accordance with the recognition tests relevant to the arrangements that prevail for the property.

Community schools are owned by the Authority and are, therefore, recognised on the Balance Sheet.

The four Voluntary Aided and Controlled schools within the County Borough are owned by the respective Diocese with no formal rights to use the assets through licence arrangements passed to the school or Governing Bodies. The assets are used under "mere" licences that pass no interest to the school and which are terminable by the trustees at any time without causal action. As a result these schools are not recognised on the Balance Sheet.

Ownership and control of the Foundation school lies with the school or the school's Governing Body and therefore the assets have been recognised on the Balance Sheet with effect from 1 April 2013.

For those maintained schools not controlled by the Authority, any transactions made on their behalf have been included in the Comprehensive Income & Expenditure Statement and related notes under the appropriate Service Code of Practice standard subjective grouping, or exceptionally as third party payments.

1.18 Group Accounts

In addition to the preparation of single entity financial statements, the Authority is required to prepare Group Accounts where it has interests in subsidiaries, associates and joint ventures, unless those interests are considered not material. The 2014/2015 Code included revisions resulting from the introduction or amendment in May 2011 of five accounting standards (IFRS10 *Consolidated Financial Statements*, IFRS11 *Joint Ventures*, IFRS12 *Disclosure of Interests in Other Entities*, IAS27 *Separate Financial Statements* and IAS28 *Investments in Associates*) relating to the preparation of group or consolidated accounts. These standards included amendments to the definition of the group boundary that potentially could have impacted on the entities to be consolidated with the Authority in preparing group accounts.

The relevant standards and the CIPFA publication *Accounting for Collaboration in Local Government* have been used to determine the correct treatment of collaborative working arrangements in which the Authority is involved. As a result, the group boundary has been determined as including the Authority and Silent Valley Waste Services Ltd., a wholly owned subsidiary over which it has control through the appointment of the majority of the company's board of directors.

The Authority's interest in the Education Achievement Service for South-East Wales has not been consolidated in the Group Accounts. Whilst the Authority holds a 20% interest in the company, which would normally trigger the requirements for inclusion as an associate company within group accounts, there are a number of factors that counter-indicate the Authority having significant influence over the EAS, including the level of control exercised by Welsh Government, and therefore the presumption for inclusion has been rebutted.

1.19 Determination of Operating Segments

For the purpose of classifying expenditure and income in the Comprehensive Income and Expenditure Statement (CIES) and Expenditure and Funding Analysis (EFA), operating segments disclosed have been aligned with the Authority's Portfolio structure. All Portfolios and Committees have been disclosed, regardless of size in monetary terms, and there has been no aggregation of segments in these Accounts.

2. Impact of changes in Accounting Policies

There are no significant changes to accounting policies adopted in preparing the 2019/2020 Accounts.

3. Accounting Standards Issued but not yet Adopted

The 2019/2020 Accounting Code of Practice includes the following new or revised accounting standards that have effect from 1 April 2020.

Source	Requirement and Potential Impact
<i>Amendments to IAS 1 Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors</i>	No anticipated impact on the Authority.
<i>Amendments to IAS 28 Investments in Associates and Joint Ventures</i>	Clarification that entities should apply IFRS 9 to account for long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. No significant impact.
<i>Amendments to IAS 19 Employee Benefits</i>	Amendments to IAS19 will require remeasurement of the net pension asset/liability in the event of amendments to pension schemes. The financial impact on the Authority - positive, negative or neutral - cannot be determined without specific detail of any potential scheme changes.

Source	Requirement and Potential Impact
<i>Annual Improvements to IFRS Standards 2015-2017 Cycle</i>	IFRS 3 Business Combinations, IFRS 11 Joint Arrangements - clarification that when a party to a joint arrangement obtains control of the joint arrangement that is a joint operation, the transaction is a business combination achieved in stages. No anticipated impact on the Authority. IAS 12 Income Taxes - treatment of the income tax consequences of dividends. No impact on the Authority. IAS 23 Borrowing Costs - specification for calculation of borrowing costs which can be capitalised when a 'weighted average' borrowing cost is used. No anticipated impact on the Authority.
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	No anticipated impact on the Authority.

4. 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:

- i. These accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Authority will continue in operational existence for the foreseeable future, although there will be significant financial challenges to be met (see also note 16 to the Narrative Report, pages 16-17).
- ii. The Authority has reviewed all property assets in accordance with the relevant accounting policies and has made appropriate reclassifications for assets that are held for sale.
- iii. All maintained schools in the County Borough are considered to be entities controlled by the Authority, with the income, expenditure, assets, liabilities, reserves and cash flows of each school recognised in the single entity accounts on the basis outlined in the Authority's Accounting Policies (1.17, page 38).
- iv. The Authority has determined that assets used for economic development purposes, e.g. industrial estates, are not held solely for the purpose of income generation or capital appreciation and therefore do not meet the definition of investment properties. These assets have been treated as Property, Plant and Equipment in the Balance Sheet.
- v. The Authority has classified its leases as finance or operating in accordance with IFRS. Finance leases are not precisely defined and therefore an element of judgement has been required in assessing each lease arrangement.
- vi. Capital and revenue grants and contributions continue to be reviewed to determine the existence of any conditions requiring repayment of sums involved to the awarding body, and the extent to which any conditions have been fulfilled. There has been a consequential impact on sums retained on the Balance Sheet and credited to the Comprehensive Income and Expenditure Statement.
- vii. Where disclosure notes required by the Accounting Code are insignificant or immaterial in value and their omission has been determined not to have a detrimental impact on the presentation of the financial position or performance of the Authority, these disclosures have not been presented.
- viii. Further to the decision for the United Kingdom to leave the European Union, there is a high degree of uncertainty regarding the continuation of existing funding streams and future levels of funding for local government. However, a judgement has been taken that there remains insufficient indication that this funding uncertainty will result in reduction of service provision with a consequent impairment of assets held by the Authority.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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. The items in the Authority's Balance Sheet at 31 March 2020 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
Local Government Scheme 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. The Greater Gwent Local Government Pension Scheme has engaged Hymans Robertson LLP as its consulting actuary to provide expert advice concerning the appropriate assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The fund actuary has advised that a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £57.616m (<i>see pages 100-101 for further sensitivity analysis</i>). However, the assumptions interact in complex ways. During 2019/2020, the Authority's actuaries advised that the net pensions liability had decreased by £71.818m as a result of remeasurements of pension assets and liabilities. This decrease comprised a £46.037m loss on assets (representing the difference between actual and expected asset return for the year) and net decreases in liabilities of £117.855m (arising from changes in demographic/financial assumptions and other experience gains (<i>see pages 98-99</i>)).
Local Government Pension Scheme - Pooled Property Investments	The Greater Gwent Pension Fund, of which Blaenau Gwent County Borough Council is an admitted body, holds investments in Pooled Property Funds. The Pension Fund Annual Report and Accounts for 2019/2020 include the following statement on uncertainty around the valuation of pooled property funds: <i>Market activity is being impacted in many sectors by Covid-19. At the March 2020 reporting date, property fund managers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances on which to base a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund valuations.</i>	For the Greater Gwent Pension Fund, <i>Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the £73.02m valuation for pooled property funds is less reliable than usual. The 1 year expected volatility of 14.2% could decrease the valuation to £62.6m or increase it to £83.4m.</i> The Local Government Pension Scheme pooled property assets attributable to Blaenau Gwent County Borough Council account for £9.121m, being 2.7% of total attributable assets. Given the reported level of volatility, these assets could be revalued between £7.826m and £10.417m.
Revaluation of Property, Plant and Equipment	Property, Plant and Equipment assets are revalued on a sufficiently regular basis to ensure their carrying amount is not materially different from their fair value. As a minimum, all assets are revalued every five years. In addition, all assets are assessed annually for impairment. The value of the asset portfolio is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance.	The appointed valuers have applied professional judgement and assumptions in determining the value of assets and the extent of any impairment. A 1% variation arising from these judgements and assumptions would result in the over or understatement of the Gross Book Value of PPE of £3.327m. These variances could result in the Statement of Accounts being materially mis-stated and, subject to proper capital accounting practice, their adjustment could have an impact on the Balance Sheet, CIES and the level of the Authority's Reserves.
Revaluation of Property, Plant and Equipment - Impact of Covid 19	As a result of the outbreak of Covid 19, valuations provided to the Council by its valuers this year have been reported subject to a 'Material Uncertainty Clause' on the basis of RICS guidance. This is true for all asset classes subject to valuations. The valuations contain the following clause: <i>The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID19 might have on the real estate market, we recommend that the valuations are kept under frequent review.</i>	The valuers have included the following statement in respect of impact: <i>For the purposes of this valuation therefore, although there is evidence of market uncertainty, no downward adjustments have been made as we are of the opinion that the evidence, if any, is scant and is unlikely to impact on service potential. In this respect and in relation to market conditions and movements in the property markets in which the Properties covered by this Valuation Report are located, we do not consider that the movement in respect of the Properties constitutes a material change in value since 30th November 2019.</i>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation of Property, Plant and Equipment	Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the required level of expenditure on repairs and maintenance, resulting in uncertainty regarding the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation charged to the CIES increases and the carrying amount of assets on the Balance Sheet falls.
Fair Value Estimations	<p>When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using the following valuation techniques:</p> <ul style="list-style-type: none"> • For Level 2 inputs, quoted prices for similar assets or liabilities in active markets at the balance sheet date; • For level 3 inputs, valuations based on a combination of available market data derived from a mixture of transactions on both Council and 3rd party assets which are then analysed to take into account yields, rates per sq. m, build costs etc.. <p>Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgment is required in establishing fair values. These judgments typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value of the Authority's assets and liabilities.</p>	<p>The Authority uses a combination of available market data derived from a mixture of transactions on both Council and 3rd party assets which are then analysed to take into account yields, rates per sq. m, build costs etc. to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13, depending on which technique it considers most appropriate.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area repairs backlogs, and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>
Impairment of Debtors	As at 31 March 2019, the Authority has an outstanding debtors balance of £24.364m. In accordance with proper accounting practice, impairment allowances totalling £4.291m have been calculated for the various classifications of debt outstanding. However, these allowances are based on estimates and judgements, including past experience of collecting similar debts, which may not accurately reflect future levels of debt recovery.	An understatement of debtor impairment allowances would result in an overstatement of income recovered that would require adjustment in the Accounting Statements. At 31 March 2020, impairment allowances represent 12.24% of debt outstanding. A 5% understatement in impairment would therefore represent a potential reduction in revenues of £1.496m.

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Ms R. Hayden CPFA, Chief Officer - Resources, on 21 September 2020.

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 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Comprehensive Income and Expenditure Statement Notes

7. Expenditure and Funding Analysis

The Expenditure & Funding Analysis shows how annual expenditure is used and funded from resources (i.e. government grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also 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.

Expenditure & Funding Analysis	2019/2020					2018/2019				
	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments (Note 7.1)	Net Expenditure Chargeable to the Council Fund (Note 7.2)	Funding & Accounting Basis Adjustments (Note 7.3)	CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	14,725	7,684	22,409	2,877	25,286	14,580	8,063	22,643	1,427	24,070
Education	55,351	(46,023)	9,328	5,010	14,338	55,075	(45,816)	9,259	3,043	12,302
Education - School Spending	(1,325)	43,250	41,925	256	42,181	(1,054)	42,505	41,451	(216)	41,235
Environment	29,658	(11,567)	18,091	10,810	28,901	29,325	(13,431)	15,894	9,241	25,135
Cardiff Capital Region City Deal	0	(119)	(119)	0	(119)	0	(134)	(134)	0	(134)
Regeneration & Economic Development	1,360	(671)	689	1,463	2,152	1,457	(892)	565	1,471	2,036
Social Services	44,568	(2,867)	41,701	4,331	46,032	43,924	(2,128)	41,796	2,916	44,712
Licensing	74	(19)	55	24	79	71	(28)	43	21	64
Planning	973	(172)	801	156	957	1,029	(194)	835	124	959
Capital Adjustments*	0	(5)	(5)	5	0	0	(1)	(1)	1	0
Pension Adjustments**	0	554	554	(554)	0	0	1,008	1,008	(1,008)	0
Net Expenditure on Continuing Operations	145,384	(9,955)	135,429	24,378	159,807	144,407	(11,048)	133,359	17,020	150,379
Other Operating Expenditure	0	9,060	9,060	1,043	10,103	0	8,549	8,549	80	8,629
Financing & Investment Income & Expenditure	0	5,266	5,266	7,150	12,416	0	4,672	4,672	6,713	11,385
Taxation & Non-Specific Grant Income	0	(151,111)	(151,111)	(11,060)	(162,171)	0	(148,719)	(148,719)	(6,268)	(154,987)
(Surplus)/Deficit on the Provision of Services	145,384	(146,740)	(1,356)	21,511	20,155	144,407	(146,546)	(2,139)	17,545	15,406
Tax Expenses			25					25		
Transfers to/(from) earmarked reserves			878					1,720		
(Increase)/Decrease in year			(453)					(394)		
Opening Council Fund Balance as at 1 April			(5,894)					(5,500)		
Closing Council Fund Balance as at 31 March			(6,347)					(5,894)		

*: Capital Adjustments includes Deferred Charges and Minimum Revenue Provision.

** : Pension Adjustments represents corporate amounts for Past Service Cost/Curtailment payments to the Local Government Pension Scheme.

7.1 Code-Compliant Adjustments to Management Accounts

This table shows the adjustments made to the 2019/2020 management accounts to arrive at 'Net Expenditure Chargeable to the Council Fund' on an Accounting Code of Practice-compliant basis:

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2019/2020							
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	(11)	6,831	0	0	0	195	669	7,684
Education	(2,480)	(43,583)	0	0	(66)	210	(104)	(46,023)
Education - School Spending	(39)	42,250	0	0	(15)	1,054	0	43,250
Environment	(5,613)	(2,985)	0	(3,404)	33	261	141	(11,567)
Cardiff Capital Region City Deal	0	0	0	0	0	0	(119)	(119)
Regeneration & Economic Development	(616)	0	0	0	(19)	26	(62)	(671)
Social Services	(163)	(2,403)	0	0	0	(254)	(47)	(2,867)
Licensing	0	(11)	0	0	0	0	(8)	(19)
Planning	0	(186)	0	0	0	15	(1)	(172)
Capital Adjustments	0	0	0	0	0	0	(5)	(5)
Pension Adjustments	0	0	554	0	0	0	0	554
Net Expenditure on Continuing Operations	(8,922)	(87)	554	(3,404)	(67)	1,507	464	(9,955)
Other Operating Expenditure	0	0	0	3,404	0	0	5,656	9,060
Financing & Investment Income & Expenditure	689	0	(7,943)	0	0	0	12,520	5,266
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(151,111)	(151,111)
(Surplus)/Deficit on the Provision of Services	(8,233)	(87)	(7,389)	0	(67)	1,507	(132,471)	(146,740)

This table shows the adjustments made to the 2018/2019 management accounts to arrive at 'Net Expenditure Chargeable to the Council Fund' on an Accounting Code of Practice-compliant basis:

Expenditure and Funding Analysis: Accounting Code Adjustments to Management Accounts	2018/2019							Total £000
	Capital Charges (Note 7.1.1)	Elimination of Internal Recharges (Note 7.1.2)	Pension Liabilities (Note 7.1.3)	Precepts & Levies (Note 7.1.4)	Provisions (Note 7.1.5)	Reserves (Note 7.1.6)	Other (Note 7.1.7)	
	£000	£000	£000	£000	£000	£000	£000	
Corporate Services	(136)	6,486	0	0	71	(222)	1,864	8,063
Education	(2,443)	(41,857)	0	0	(25)	264	(1,755)	(45,816)
Education - School Spending	(39)	40,475	0	0	4	280	1,785	42,505
Environment	(5,683)	(2,678)	0	(3,360)	(416)	85	(1,379)	(13,431)
Cardiff Capital Region City Deal	0	0	0	0	0	0	(134)	(134)
Regeneration & Economic Development	(561)	41	0	0	(14)	160	(518)	(892)
Social Services	(174)	(2,284)	0	0	118	63	149	(2,128)
Licensing	0	(16)	0	0	1	0	(13)	(28)
Planning	0	(167)	0	0	5	(32)	0	(194)
Capital Adjustments	0	0	0	0	0	0	(1)	(1)
Pension Adjustments	0	0	1,008	0	0	0	0	1,008
Net Expenditure on Continuing Operations	(9,036)	0	1,008	(3,360)	(256)	598	(2)	(11,048)
Other Operating Expenditure	0	0	0	3,360	0	0	5,189	8,549
Financing & Investment Income & Expenditure	622	0	(7,406)	0	0	0	11,456	4,672
Taxation & Non-Specific Grant Income	0	0	0	0	0	0	(148,719)	(148,719)
(Surplus)/Deficit on the Provision of Services	(8,414)	0	(6,398)	0	(256)	598	(132,076)	(146,546)

The following notes provide additional detail for each of the adjustments made to management accounts:

7.1.1 Capital Charges

Capital charges reported to management are on the basis of estimates calculated prior to the commencement of the financial year during the budget-setting process. These are removed and replaced with actual capital charges for depreciation, impairment and leasing. The 'Capital Adjustments' line includes the calculated MRP for the year.

7.1.2 Elimination of Internal Recharges

The Accounting Code confirms that the EFA fulfils the Authority's requirements for segmental analysis in compliance with IFRS 8 *Operating Segments* and also stipulates that transactions between segments are not permitted in the service analysis section of the CIES. Management reports include expenses and revenues arising from recharges for a range of internally provided support services and services reported on a corporate basis (such as Centralised IT and Corporate Landlord functions). These entries are eliminated to avoid the overstatement of segment income and expenditure as reported in the CIES. Transactions relating to specific services provided to Schools have not been eliminated as these are not material in value but would distort the figures reported in relation to Schools Balances and the Council Fund General Reserve in a way that is not considered to be useful to the users of the Accounts.

7.1.3 Pension Liabilities

Current Service Costs included in management reports are on the basis of an estimated level of liabilities, with adjustment to the equivalent cash cost for grant funded schemes. Past Service and Curtailment Costs are also included on an estimate basis. These amounts are adjusted to the actuarially-calculated amounts for inclusion in the statutory accounts.

Accruals for short-term accumulating compensated absences are not included in management accounts; these are added for code-compliance.

7.1.4 Precepts & Levies

Precepts and levies are reported in the Environment Portfolio, but are reclassified as 'Other Operating Expenditure' in the CIES.

7.1.5 Provisions

Amounts are included in management accounts for early termination provision costs, on a case-by-case basis. No other entries relating to provisions are included. Adjustment is made to match the statutory accounts that include provisions on the basis required by IAS37 *Provisions, Contingent Liabilities and Contingent Assets*.

7.1.6 Reserves

Management accounts include transfers to or from earmarked reserves as income or expenditure against services. Amounts may also be included for revenue contributions to capital expenditure. These are adjusted to match the treatment in the statutory accounts, where transfers to/from reserves are recorded in the Movement in Reserves Statement and revenue contributions to capital expenditure are included as adjustments under statutory provisions.

7.1.7 Other Adjustments

This includes:

- Reclassification of the Council Tax Surplus on Collection, which is included as a credit against services in the management accounts and within 'Taxation and Non-Specific Grant Income' in the CIES;
- Adjustment for Impairment Charges for Debtors, which are not reported to management but included in the statutory accounts on the basis of type and age of debt;
- Inclusion of unhypothecated funding sources, such as Revenue Support Grant, NNDR and Council Tax, which are not included in reports to management;
- Correction of entries in relation to Housing Benefit overpayments and associated impairment; and
- Addition of Blaenau Gwent's share of the Cardiff Capital Region City Deal operating income and expenditure.

7.2 Expenditure and Income Charged to the Council Fund

Net Expenditure charged by Portfolios to the Council Fund can be analysed as follows:

Expenditure & Income Charged to Council Fund	2019/2020 £000	2018/2019 £000
External Fees, Charges & Other Service Income	(17,363)	(20,345)
Government Grants	(52,274)	(50,411)
Total Income	(69,637)	(70,756)
Employee Expenses	100,685	97,923
Other Service Expenses	104,381	106,174
Support Service Recharges	0	0
Depreciation, amortisation & impairment	0	0
Total Expenditure	205,066	204,097
Net Expenditure	135,429	133,341

7.3 Adjustments Between Funding and Accounting Basis

This table shows the adjustments between the management accounts (restated to an Accounting Code of Practice-compliant basis) and the net expenditure reported in the Comprehensive Income and Expenditure Statement:

Expenditure & Funding Analysis: Adjustments between 'Code-Compliant' Management Accounts and the CIES	2019/2020				2018/2019			
	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments	Adjustments for Capital Purposes (Note 7.3.1)	Net Change for Pensions Adjustments (Note 7.3.2)	Other Adjustments (Note 7.3.3)	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	11	2,865	1	2,877	101	1,302	24	1,427
Education	4,063	938	9	5,010	2,798	291	(46)	3,043
Education - School Spending	0	0	256	256	30	0	(246)	(216)
Environment	8,640	2,158	12	10,810	7,698	1,553	(10)	9,241
Cardiff Capital Region City Deal	0	0	0	0	0	0	0	0
Regeneration & Economic Development	1,143	321	(1)	1,463	1,225	243	3	1,471
Social Services	931	3,379	21	4,331	393	2,524	(1)	2,916
Licensing	0	24	0	24	0	18	3	21
Planning	0	156	0	156	0	126	(2)	124
Capital Adjustments	5	0	0	5	1	0	0	1
Pension Adjustments	0	(554)	0	(554)	0	(1,008)	0	(1,008)
Net Expenditure on Continuing Operations	14,793	9,287	298	24,378	12,246	5,049	(275)	17,020
Other Operating Expenditure	1,043	0	0	1,043	80	0	0	80
Financing & Investment Income & Expenditure	(689)	7,943	(104)	7,150	(622)	7,406	(71)	6,713
Taxation & Non-Specific Grant Income	(11,060)	0	0	(11,060)	(6,268)	0	0	(6,268)
(Surplus)/Deficit on the Provision of Services	4,087	17,230	194	21,511	5,436	12,455	(346)	17,545

7.3.1 Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service lines, and for:

- Cardiff Capital Region City Deal - reflects the funding of capital expenditure through application of general capital grant.

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal 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 those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.3.2 Net Change for Pensions Adjustments

This column shows the 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 CIES.

7.3.3 Other Adjustments

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

- For service lines, the adjustment for short-term accumulating compensated absences.
- For financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.

8. Other Operating Expenditure

Other operating expenditure in the Comprehensive Income and Expenditure Statement consists of the following:

		2019/2020			2018/2019		
Other Operating Expenditure		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(Gains)/losses on the Disposal of Non-Current Assets		1,639	(595)	1,044	489	(413)	76
Precepts & Levies:	Gwent Police Authority Precept	5,158	0	5,158	4,820	0	4,820
	South Wales Fire Authority Levy	3,267	0	3,267	3,251	0	3,251
	Community Council Precepts	497	0	497	372	0	372
	Coroners' Courts	108	0	108	82	0	82
	National Park Levy	29	0	29	28	0	28
Total		10,698	(595)	10,103	9,042	(413)	8,629

9. Financing and Investment Income and Expenditure

Financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement consists of the following:

	2019/2020			2018/2019		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Financing and Investment Income and Expenditure						
Impairment *	446	0	446	(158)	0	(158)
Interest payable and similar charges - Financial Instruments	4,274	0	4,274	4,368	0	4,368
Interest payable and similar charges - Other **	7	0	7	7	0	7
Interest receivable and similar income - Financial Instruments	0	(74)	(74)	0	(48)	(48)
Interest receivable and similar income - Other ***	0	(180)	(180)	0	(190)	(190)
Net Pensions Interest Cost	17,022	(9,079)	7,943	17,070	(9,664)	7,406
Total	21,749	(9,333)	12,416	21,287	(9,902)	11,385

*: Movement in allowances for expected credit losses on financial assets.

** : Interest on finance leases and school balances.

***: Interest on (lessor) finance leases, car loans and contractor bonds.

10. Taxation and Non-Specific Grant Income

This disclosure includes:

- Local taxation income, such as Council Tax receipts;
- Grants and contributions that are not attributable to specific services and are applied as general revenue funding; and
- Capital grants and contributions from a variety of funding bodies to cover expenditure on capital schemes.

Taxation & Non Specific Grant Income	2019/2020 £000	2018/2019 £000
Taxation & Non-Specific Revenue Grants		
Council Tax Income	(40,296)	(38,369)
Non-Domestic Rates	(22,628)	(22,443)
Revenue Support Grant	(88,187)	(87,908)
Total Taxation and Non-Specific Revenue Grants	(151,111)	(148,720)
Capital grants and contributions	(11,060)	(6,267)
Total	(162,171)	(154,987)

11. Partnership Schemes Under Section 33 of the NHS (Wales) Act 2006

11.1 The Gwent Wide Integrated Community Equipment Service (GWICES)

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

11.2 The Gwent Frailty Programme

The Gwent Frailty Programme is an agreement for the delivery of a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain “happily independent”. The Community Resource Teams provide integrated urgent response, re-ablement and falls services within each locality in line with agreed Locality Annual Commissioning Plans. This agreement came into effect on 4 April 2011.

11.3 The Gwent Care Home Accommodation Functions Pooled Fund

The Gwent Care Home Accommodation Functions Pooled Fund is an agreement for the provision of efficient and effective Care Home functions reflecting locally agreed priorities for older people who are assessed as in need of such care. The arrangement came into effect on 1 April 2018.

The Authority’s transactions in relation to these partnership schemes are included in the Social Services Portfolio line of the CIES. Summarised transactions for the financial year ending 31 March 2020 were as follows.

Partnership Schemes:	2019/2020				2018/2019			
	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000	GWICES £000	Gwent Frailty £000	Care Homes £000	Total £000
Total Expenditure	3,398	16,458	104,976	124,832	3,366	16,515	98,596	118,477
Funding								
Blaenau Gwent County Borough Council	(258)	(576)	(7,505)	(8,339)	(252)	(580)	(7,060)	(7,892)
Caerphilly County Borough Council	(449)	(2,310)	(22,039)	(24,798)	(462)	(2,340)	(21,136)	(23,938)
Monmouthshire County Borough Council	(323)	(1,361)	(9,738)	(11,422)	(378)	(1,387)	(8,993)	(10,758)
Newport City Council	(331)	(1,768)	(17,329)	(19,428)	(325)	(1,720)	(16,449)	(18,494)
Torfaen County Borough Council	(847)	(842)	(10,714)	(12,403)	(636)	(809)	(9,986)	(11,431)
Aneurin Bevan University Health Board	(904)	(9,714)	(37,651)	(48,269)	(922)	(9,616)	(34,972)	(45,510)
Other	(286)	0	0	(286)	(391)	0	0	(391)
Total Funding	(3,398)	(16,571)	(104,976)	(124,945)	(3,366)	(16,452)	(98,596)	(118,414)
Net In-Year (Under)/Overspend	0	(113)	0	(113)	0	63	0	63
Balance Brought Forward	0	(394)	0	(394)	0	(457)	0	(457)
Balance Carried Forward	0	(507)	0	(507)	0	(394)	0	(394)

12. Members' Allowances

The total amount of allowances and expenses paid to Members during the year was £740,877 (2018/2019: £727,893), analysed as follows:

Members' Allowances	2019/2020 £000	2018/2019 £000
Allowances	738	724
Expenses	3	4
Total:	741	728

13. Officers' Remuneration

13.1 The number of employees whose remuneration, including termination benefits but excluding employer pension contributions, was £60,000 or more, was:

Officers Emoluments	2019/2020					2018/2019				
	Teaching	Other	Total	Left During Year	Total excluding leavers	Teaching	Other	Total	Left During Year	Total excluding leavers
Remuneration Band										
£60,000 - £64,999	10	2	12	0	12	12	2	14	2	12
£65,000 - £69,999	6	2	8	0	8	5	4	9	2	7
£70,000 - £74,999	2	0	2	0	2	3	1	4	1	3
£75,000 - £79,999	1	2	3	0	3	3	1	4	0	4
£80,000 - £84,999	1	1	2	0	2	0	2	2	1	1
£85,000 - £89,999	1	0	1	0	1	0	0	0	0	0
£90,000 - £94,999	0	0	0	0	0	0	0	0	0	0
£95,000 - £99,999	0	0	0	0	0	1	0	1	0	1
£100,000 - £104,999	1	0	1	0	1	0	0	0	0	0
£105,000 - £109,999	0	0	0	0	0	0	1	1	1	0
Total	22	7	29	0	29	24	11	35	7	28

Note: Employees that are included in the Senior Officers Remuneration disclosure have been excluded from the above table.

The 2019/2020 total of 29 includes no staff who would not have been included in the note if it were not for one-off severance payments. (The 2018/2019 total of 35 includes 5 members of teaching staff and 1 member of staff in the 'Other' category who would not have been included in the note if it were not for one-off severance payments). Further details of termination benefits can be found in notes 14-15 (pages 54-55).

13.2 Remuneration Ratio

The Accounts and Audit Regulations (Wales) 2014 require the disclosure of the ratio of the Chief Executive's remuneration in comparison to the median remuneration of all the Authority's employees. For 2019/2020 this was as follows:

	2019/2020	2018/2019
Ratio of Managing Director pay to median pay of all staff	1:4.47	1:4.66

13.3 Senior Officers' Remuneration

The following table sets out the remuneration in 2019/2020 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

2019/2020						Total Remuneration (excluding Pension Contributions)	Employers Pension Contributions	Total Remuneration (including Pension Contributions)
Post Title	Notes	Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Benefits in Kind			
		£	£	£	£	£	£	£
Managing Director	Note 1	106,486	0	0	0	106,486	25,024	131,510
Corporate Director of Education	Note 2	101,714	0	0	0	101,714	23,903	125,617
Corporate Director of Education (from 30 March 2020)	Note 3	430	0	0	0	430	101	531
Corporate Director of Regeneration & Community Services		88,048	0	0	0	88,048	20,691	108,739
Corporate Director of Social Services		88,048	0	0	0	88,048	20,691	108,739
Chief Officer (Resources)		72,964	0	0	0	72,964	17,147	90,111
Chief Officer (Commercial)		76,044	0	0	0	76,044	17,870	93,914
Head of Governance & Partnerships	Note 4	68,238	0	0	0	68,238	16,036	84,274
Head of Legal & Corporate Compliance	Note 4	68,238	0	0	0	68,238	16,036	84,274
Total		670,210	0	0	0	670,210	157,499	827,709

Note 1: The Managing Director also received payments totalling £5,096 in her role as Returning Officer.

Note 2: The employment of the (former) Corporate Director of Education terminated on the 15th of April 2020, with outstanding annual leave being taken prior to this date.

Note 3: Further to the departure of the (former) Corporate Director of Education, a temporary arrangement has been established pending a formal recruitment process to fill the post on a permanent basis. The Head of Education Transformation is therefore 'acting up' as the Corporate Director of Education with effect from the 30th March 2020, to provide continuity in terms of the Council's response during the Covid emergency period and allow for a degree of handover.

Note 4: The Head of Governance & Partnerships and Head of Legal & Corporate Compliance report directly to the Managing Director and are included in this disclosure on that basis.

The following table sets out the remuneration in 2018/2019 for senior officers (as defined by statute) whose salary for the year was between £60,000 and £150,000. There were no senior officers whose salary exceeded £150,000.

2018/2019		Salary (including fees & allowances)	Expense Allowances	Compensation for Loss of Office	Benefits in Kind	Total Remuneration (excluding Pension Contributions)	Employers Pension Contributions	Total Remuneration (including Pension Contributions)
Post Title	Notes	£	£	£	£	£	£	£
Managing Director		104,398	0	0	0	104,398	23,490	127,888
Corporate Director of Education		99,988	0	0	0	99,988	22,497	122,485
Corporate Director of Regeneration & Community Services		86,322	0	0	0	86,322	19,422	105,744
Corporate Director of Social Services		86,322	0	0	0	86,322	19,422	105,744
Chief Finance Officer (to 29 July 2018)	Note 1	25,336	0	0	0	25,336	55,999	81,335
Chief Officer (Resources) (from 30 July 2018)	Note 1	46,898	0	0	0	46,898	10,552	57,450
Chief Officer (Commercial) (from 07 January 2019)	Note 2	17,138	0	0	0	17,138	3,856	20,994
Head of Organisational Development (to 6 January 2019)	Note 3	51,434	0	0	0	51,434	11,573	63,007
Head of Governance & Partnerships	Note 4	66,900	0	0	0	66,900	15,053	81,953
Head of Legal & Corporate Compliance	Note 4	66,900	0	0	0	66,900	15,053	81,953
Total		651,636	0	0	0	651,636	196,917	848,553

Note 1: The Chief Finance Officer post was deleted and the Chief Officer (Resources) post created, as part of Phase 1 of the Authority's Senior Management Restructure.

Note 2: The Chief Officer (Commercial) post was created as part of Phase 1 of the Authority's Senior Management Restructure. The postholder commenced employment with the Authority on 7 January 2019.

Note 3: The Head of Organisational Development reported directly to the Managing Director until the Chief Officer (Commercial) commenced employment in 2019 and is included in this disclosure until that time on that basis.

Note 4: The Head of Governance & Partnerships and Head of Legal & Corporate Compliance report directly to the Managing Director and are included in this disclosure on that basis.

14. Termination Benefits and Exit Packages - Costs to Authority

The number and value of exit packages agreed by the Authority during the year were as follows:

Exit Package Cost Band	2019/2020				2018/2019			
	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages	Compulsory Redundancies	Other Departures	Exit Packages	Total Cost of Exit Packages
	Nº	Nº	Nº	£000	Nº	Nº	Nº	£000
£0-£19,999	13	49	62	381	2	63	65	488
£20,000-£39,999	0	9	9	239	1	18	19	542
£40,000-£59,999	0	3	3	137	0	9	9	425
£60,000-£99,999	0	2	2	153	0	6	6	456
£100,000-£299,999	0	2	2	245	1	1	2	386
Total	13	65	78	1,155	4	97	101	2,297

Note: Value bands have been combined in order to ensure that individual exit packages cannot be identified.

Employment contracts may be terminated for a variety of reasons, including redundancy and retirement. On termination, the Authority incurs a range of liabilities including redundancy payments, pension lump sum payments and enhancements (e.g. added years). In 2019/2020, the contracts of 78 employees were terminated, incurring total liabilities of £1.155m (2018/2019: 101 employees, incurring liabilities of £2.297m). These payments can be disaggregated as follows:

Termination Benefits & Exit Packages	2019/2020 £000	2018/2019 £000
Pay in Lieu of Notice	120	184
Pension Costs	405	872
Redundancy Costs	613	983
Other Payments	17	258
Total	1,155	2,297

Included in the Authority's Early Terminations Provision are sums totalling £0.125m payable to 3 staff that have not been included in the exit packages disclosure, but for which the Authority has a legal or constructive obligation at the balance sheet date. (2018/2019: Early Terminations provision included £0.141m payable to 11 staff). Details of the Early Terminations Provision can be found in notes 32.1-32.2, pages 84-85.

Following the agreement to transfer staff to the charity in 2014, the Authority has exercised its discretion in funding £0.161m of exit packages for 9 staff at Aneurin Leisure Trust. (2018/2019: exit packages of £0.123m for 9 members of staff were funded).

15. Termination Benefits and Exit Packages - Causes

The following were the significant causes of the termination benefits and exit packages:

Termination Benefits	2019/2020		2018/2019	
	No	£000	No	£000
Closure of Facilities / Cessation of Services	8	4	11	211
Early Retirements/Efficiency/Flexible Retirements	5	40	14	161
Financial Efficiency Project	15	523	29	921
School Downsizing Restructuring & Reorganisation - Crossmatching	25	423	18	658
Termination benefits arising for other reasons	25	165	29	346
Total	78	1,155	101	2,297

16. External Audit Fees

The Authority's appointed external auditors for the 2019/2020 financial year were Audit Wales (AW), formerly the Wales Audit Office (WAO). The following fees were incurred in relation to external audit and inspection:

External Audit Fees	2019/2020	2018/2019	CIES Service Line
	£000	£000	
Fees payable in respect of:			
External audit services relating to audit of the accounts	191	191	Corporate Services Portfolio
External audit services relating to Local Government Measures	105	105	Corporate Services Portfolio
Certification of grant claims and returns	40	70	Portfolio responsible for the specific grant claim or return
Total Audit Fees	336	366	

17. National Non-Domestic Rates

Non-Domestic Rates are collected by the Authority based on local rateable values multiplied by a uniform rate. The total amount collected, less certain reliefs and deductions, is paid to a central pool (the NNDR pool) managed by the Welsh Government, which in turn pays back to authorities their share of the pool based on a statutory formula. NNDR is accounted for on an agency basis, i.e. Blaenau Gwent as a billing Authority acts as an agent of the Welsh Government in collecting non-domestic rates. Transactions with non-domestic ratepayers are typically not revenue activities of the agent and have therefore been excluded from the accounting statements.

Summary information for the year is as follows:

- The total non-domestic rateable value at 31 March 2020 was £31,878,837 (31 March 2019: £31,852,617).
- The national non-domestic rate multiplier for the year 2019/2020 was 0.526 (2018/2019: 0.514).
- The contribution received from the NNDR pool in 2019/2020 was £22,628,000 (2018/2019: £22,442,550).

18. Council Tax

The Council Tax is a local tax based upon 'banded' property values. The Council Tax requirement for the Authority is calculated by taking the budget requirement and dividing by the tax base expressed as a number of equivalent Band D properties. To this amount is added the elements precepted by Gwent Constabulary and Community Councils.

18.1 The following transactions occurred during the financial year related to Council Tax:

Council Tax Transactions	2019/2020		2018/2019	
	£000	£000	£000	£000
Council Tax Collected	(40,750)		(38,679)	
Less: Impairment of bad & doubtful debts	455		310	
Net Total Proceeds from Council Tax		(40,295)		(38,369)
Less: Gwent Police Authority Precept	5,158		4,820	
Community Council Precepts:				
Abertillery & Llanhilleth Community Council	234		113	
Brynmawr Town Council	43		43	
Nantyglo & Blaina Town Council	82		78	
Tredegar Town Council	138		138	
		5,655		5,192
Council Tax attributable to this Authority:		(34,640)		(33,177)

18.2 Council Tax Base

The Council Tax base is calculated with reference to the number of effective properties (i.e. properties net of specific exemptions, reliefs and discounts) in each of 10 property valuation bands, multiplied by a ratio related to that valuation band. For 2019/2020 the tax base, expressed as equivalent band D properties, has been calculated as follows:

	Band										Total
	A*	A	B	C	D	E	F	G	H	I	
Properties	61.00	18,590.00	7,806.00	2,548.00	1,592.00	816.00	306.00	55.00	15.00	6.00	31,795.00
Exemptions, Reliefs & Discounts	(6.25)	(2,456.00)	(702.50)	(208.75)	(100.75)	(44.00)	(13.00)	(3.50)	(6.50)	(1.50)	(3,542.75)
Effective Properties	54.75	16,134.00	7,103.50	2,339.25	1,491.25	772.00	293.00	51.50	8.50	4.50	28,252.25
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	-
Band D Equivalents	30.42	10,756.01	5,524.95	2,079.33	1,491.25	943.56	423.22	85.83	17.00	10.50	21,362.07
Impairment											(1,174.91)
Council Tax Base											20,187.16

19. Precepts & Demands

19.1 Precepting Authorities

Details of precepting bodies and amounts are included in note 18.1.

19.2 Levies & Demands by Joint Committees and Other Bodies

A number of services are operated by joint committees or organisations that operate across the boundaries of individual councils, to which this Authority makes a contribution. The following levies and demands have been made of the Authority:

Levies & Demands	2019/2020 £000	2018/2019 £000
Brecon Beacons National Park Authority	29	28
Coroners' Courts	90	77
South Wales Fire Authority	3,267	3,251
Total:	3,386	3,356

20. Grants and Contributions

Capital grants and contributions from the following awarding bodies were credited by the Authority to the Comprehensive Income and Expenditure Statement:

Capital Grants Credited to Services	2019/2020 £000	2018/2019 £000	Capital Grants Credited to taxation and non-specific grant income	2019/2020 £000	2018/2019 £000
Welsh European Funding Office	0	0	Welsh European Funding Office	(79)	0
Welsh Government	(1,694)	(413)	Welsh Government	(10,389)	(5,820)
Other Grants & Contributions	(15)	(241)	Other Grants & Contributions	(592)	(446)
Total:	(1,709)	(654)	Total:	(11,060)	(6,266)

Revenue grants and contributions from the following awarding bodies were credited by the Authority to the Comprehensive Income and Expenditure Statement:

Revenue Grants Credited to Services	2019/2020 £000	2018/2019 £000
Welsh Government	(25,569)	(21,172)
Department for Work and Pensions	(22,576)	(25,626)
Other Central Government	(930)	(662)
Local Authorities	(2,259)	(2,173)
NHS	(845)	(680)
Other Grants & Contributions	(95)	(98)
Total:	(52,274)	(50,411)

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the provider. The balances at the year-end, analysed by awarding body, are as follows:

Receipts in Advance	2019/2020			2018/2019		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Welsh European Funding Office	(5)	(216)	(221)	(5)	(287)	(292)
Welsh Government	(478)	(1,125)	(1,603)	(825)	(977)	(1,802)
Other Central Government	(17)	(4)	(21)	(17)	(110)	(127)
Local Authorities	0	(40)	(40)	0	(15)	(15)
NHS	0	(17)	(17)	0	(17)	(17)
Other Grants & Contributions	0	(62)	(62)	0	(48)	(48)
Total	(500)	(1,464)	(1,964)	(847)	(1,454)	(2,301)

21. Related Parties**21.1 Central Government**

Central Government has effective control over the general operations of the Authority and provides the statutory framework within which the Authority operates, 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. Details of the general and specific grants received in 2019/2020 can be found in note 20 (page 58); details of the amounts owed to or from central government are included in notes 31 (page 83) and 30 (pages 81-83) respectively.

21.2 Members

The following transactions related to elected members took place during the year, with associated balances due to or from the Authority at the year end:

Related Party & Relationship	Transaction Details	Year Ended 31 March 2020				Year Ended 31 March 2019			
		Transactions		Balances		Transactions		Balances	
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
		£	£	£	£	£	£	£	£
Blaenau Gwent & Caerphilly Care & Repair: A number of Members are trustees.	Payments for support for independent living, home adaptations and voluntary sector grants.	242,215	(15,195)	29,577	(250)	293,429	(15,881)	0	(3)
Blaina Community Centre: A Member of the Council is a Director.	Grants, room hire and reimbursement of maintenance costs.	7,740	(4,669)	0	(510)	7,234	(434)	160	0
Blaina Community Institute: A Member of the Council is a Director.	Payment for room hire (Town Centre and Heritage Action Group) and Income for waste transfer and works carried out at Institute.	23,552	(618)	0	(4,110)	8,205	(163)	0	0
Brynawr Museum: A Member of the Council is a Director.	Member grants; donation for dignitaries attending Royal Welsh Regiment parade. Income for ground rent, insurance and works carried out at museum.	900	(927)	0	(195)	713	(10)	0	(187)
Hodge Municipal Services: A Member of the Council is the proprietor.	Maintenance of public toilets in Brynawr and other supplies.	3,360	(140)	100	(140)	2,521	0	0	(140)
Jim Davies Civil Engineering Ltd.: A Council Member is the brother-in-law of one of the Directors.	Capital works including: retaining wall maintenance; Silent Valley transfer station/ overflow extension; footpaths & cycleways; & household waste recycling centre.	787,365	0	507,277	0	129,977	0	20,000	0
Total:		1,065,132	(21,549)	536,954	(5,205)	442,079	(16,488)	20,160	(330)

The following transactions related to elected members took place during the year, for which there were no associated balances due to or from the Authority at the year end:

Related Party	Related Party Relationship	Year Ended 31 March 2020		Year Ended 31 March 2019		Notes
		Amounts Paid by Authority	Amounts Received by Authority	Amounts Paid by Authority	Amounts Received by Authority	
		£	£	£	£	
Blaina Post Office	A Member of the Council is Post Master of this business.	0	(50)	0	(57)	Waste transfer.
Highfield Properties (Tredegar)	A member of the Council is a Director of the organisation.	15,725	0	15,314	0	Tenants' Rent Allowances.
Hodge Distributions	A Member of the Council is the proprietor of the organisation.	0	0	0	(1,149)	Rental of an industrial unit.
Sirhowy Community Centre	A Member of the Council is a Director of the organisation.	2,686	0	600	0	Grants.
Sweets & Things	A Member of the Council is the proprietor of the organisation.	0	(50)	0	(46)	Waste transfer.
Circle of Beauty	A Member of the Council is joint proprietor of the business.	60,444	0	0	0	Town Centre Loan and Heritage Grant towards the development of the property.
Total:		78,855	(100)	15,914	(1,252)	

In summary, transactions and balances related to elected members were as follows:

	Year Ended 31 March 2020				Year Ended 31 March 2019			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Summary - Related Party Transactions and Balances								
Related Parties (with year end balances)	1,065,132	(21,549)	536,954	(5,205)	442,079	(16,488)	20,160	(330)
Related Parties (with no year end balances)	78,855	(100)	0	0	15,914	(1,252)	0	0
Total:	1,143,987	(21,649)	536,954	(5,205)	457,993	(17,740)	20,160	(330)

21.3 Silent Valley Waste Services Limited

The Authority is the sole shareholder of the waste disposal company Silent Valley Waste Services Limited (SVWS Ltd.). Two of the Authority's Elected Members are non-executive directors of the company. These Members are each receiving a 'senior salary' allowance, as the responsibility involved has been assessed to be of an equivalent level to a committee/scrutiny Chair. The Authority's former Chief Executive was a director for the full year. As at 31 March 2020, the Authority effectively holds 67% of the board membership. The following related party transactions took place with SVWS Ltd. during the year:

Related Party Transactions	Year Ended 31 March 2020				Year Ended 31 March 2019			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Silent Valley Waste Services Ltd.:								
Collection of waste; management of civic amenity sites; haulage charges:								
Payments relating to current year	800,212	-	73,357	-	747,575	-	65,970	-
Payments relating to previous year	65,791	-	-	-	69,782	-	-	-
Repair of power wash nozzle in transfer station	51	-	-	-	-	-	-	-
Reimbursement of payments made to directors of SVWS Ltd.:								
Payments to Chief Finance Officer	-	-	-	-	-	(591)	-	-
Payments to Corporate Director of Environment and Regeneration	-	-	-	-	-	(591)	-	-
Payments in respect of Nominated Representatives	-	(18,151)	-	(1,650)	-	(19,801)	-	-
Leachate	-	(130,000)	-	(110,000)	-	-	-	(130,000)
Damage to loading bay	-	-	-	-	-	(504)	-	-
Total (Silent Valley Waste Services Ltd.):	866,054	(148,151)	73,357	(111,650)	817,357	(21,487)	65,970	(130,000)

21.4 Education Achievement Service for South East Wales

The five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen have formed an Education Achievement Service (EAS) which is designed to raise education standards in South East Wales. The EAS is a separate legal entity, established as a company limited by guarantee, which is wholly owned by the five local authorities and operates on a not for profit basis. There is no lead authority, each being represented equally with a 20% interest and possessing equal voting rights. Services are commissioned from the EAS on behalf of the five local authorities. The Collaboration Agreement initially commenced in September 2013 for an agreed four-year period, with a continuation Business Plan for 2018-2021 having been agreed by each Local Authority Director of Education/Chief Education Officer, the Joint Executive Group and the Company Board.

The company board comprises the Director of the EAS and Elected Member representatives from the participating authorities.

In 2019/2020, net contributions of £0.311m were due to the EAS (2018/2019: £0.319m). The total summarised transactions of the Service were as follows:

Education Achievement Service	2019/2020 £000	2018/2019 £000
Expenditure	6,801	6,922
Income	(6,828)	(6,941)
Net Expenditure	(27)	(19)

21.5 Cardiff Capital Region City Deal

The Cardiff Capital Region City Deal is a joint arrangement involving the UK Government, the Welsh Government and the 10 constituent Councils in South East Wales, including Blaenau Gwent. The Authority's share of assets, liabilities, reserves, income, expenditure and cashflows relating to the Cardiff Capital Region City Deal Group have been included as a joint arrangement in the single entity accounting statements and disclosures. Related party transactions between the Authority and the City Deal are as follows:

Related Party Transactions	Year Ended 31 March 2020				Year Ended 31 March 2019			
	Transactions		Balances		Transactions		Balances	
	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority	Amounts Paid by Authority	Amounts Received by Authority	Amounts Owed By Authority	Amounts Owed To Authority
	£	£	£	£	£	£	£	£
Cardiff Capital Region City Deal:								
Partner contribution to support the work of the Joint Cabinet	50,324	-	-	-	46,132	-	-	-
Contributions towards Capital Expenditure	-	-	-	-	568,613	-	-	-
Reimbursement of Seconded Post	-	-	-	(20,570)	-	-	-	(25,264)
Total (Cardiff Capital Region City Deal):	50,324	0	0	(20,570)	614,745	0	0	(25,264)

*Movements in Reserves Notes***22. Other Comprehensive Income & Expenditure**

The following unrealised gains or losses and pension remeasurement gains or losses arose during the year:

Other Comprehensive Income & Expenditure	2019/2020 £000	2018/2019 £000
(Surplus)/Deficit arising on the revaluation of non-current assets	(6,213)	(394)
Remeasurement of the net defined benefit pension liability	(76,068)	41,883
Other Comprehensive Income & Expenditure	(82,281)	41,489

23. Adjustments Between Accounting Basis and Funding Basis Under Statutory Provisions

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 the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. These adjustments include transactions relating to depreciation and impairment, pensions provision, employee accruals, unequal pay and capital grants. The following transactions were made in 2019/2020:

	2019/2020			2018/2019		
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions						
Transactions between Funds & Usable Reserves:						
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	2,714	0	(2,714)	3,001	0	(3,001)
Transfer of cash sale proceeds credited as part of the loss on disposal to the Comprehensive Income & Expenditure Statement	595	(595)	0	413	(413)	0
Contribution from the Capital Receipts Reserve towards funding of prudential borrowing schemes	(60)	60	0	(56)	56	0
Total: Transactions between Funds & Usable Reserves:	3,249	(535)	(2,714)	3,358	(357)	(3,001)

	2019/2020		2018/2019	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions				
Transactions involving Unusable Reserves:				
Adjustments to/from the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	104	(104)	71	(71)
Adjustments to/from the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(31,157)	31,157	(25,964)	25,964
Employer's pensions contributions and direct payments to pensioners payable in the year	13,926	(13,926)	13,508	(13,508)

	2019/2020		2018/2019	
	Council Fund Balance £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions				
Transactions involving Unusable Reserves <i>(Continued)</i> :				
Adjustments to/from Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation & impairment of non-current assets	(13,102)	13,102	(11,155)	11,155
Revaluation losses on Property, Plant & Equipment	(1,244)	1,244	(55)	55
Capital grants & contributions applied	10,055	(10,055)	3,919	(3,919)
Revenue expenditure funded from capital under statute	(2,388)	2,388	(1,678)	1,678
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income & Expenditure Statement	(469)	469	(489)	489
Items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	689	(689)	620	(620)
Capital expenditure charged against the Council Fund	293	(293)	44	(44)
Adjustment to/from the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(298)	298	276	(276)
Total: Transactions between Funds & Unusable Reserves:	(23,591)	23,591	(20,903)	20,903

Note: Additional transactions occur between the Capital Adjustment Account and the Revaluation Reserve. These are detailed in note 38.2 on pages 110-111.

	2019/2020			2018/2019		
	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions						
Adjustments to/from the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(60)	0	1,229	(133)	0	133
Items involving Usable Capital Reserves:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	2,824	(2,824)	0	3,010	(3,010)
Use of the Capital Receipts Reserve to finance new capital expenditure	299	0	(299)	2,312	0	(2,312)
Total: Other Capital Reserve Transactions:	239	2,824	(1,894)	2,179	3,010	(5,189)

	2019/2020				2018/2019			
	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	Council Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments between Accounting Basis and Funding Basis under Statutory Provisions								
Total: Transactions between Funds & Usable Reserves:	3,249	(535)	(2,714)	0	3,358	(357)	(3,001)	0
Total: Transactions involving Unusable Reserves:	(23,591)	0	0	23,591	(20,903)	0	0	20,903
Total: Other Capital Reserve Transactions:	0	239	2,824	(1,894)	0	2,179	3,010	(5,189)
Total Adjustments:	(20,342)	(296)	110	21,697	(17,545)	1,822	9	15,714

Balance Sheet Notes**24. Property Plant & Equipment**

As a result of the outbreak of Covid 19, valuations provided to the Council by its valuers this year have been reported subject to a 'Material Uncertainty Clause' on the basis of RICS guidance. See note 5 (page 41) for further detail.

24.1 Carrying Amount of Non-Current Assets

The gross carrying amount and accumulated depreciation relating to Property, Plant and Equipment was:

Property, Plant & Equipment	31 March 2020 £000	31 March 2019 £000
Gross Carrying Amount	332,730	324,067
Accumulated Depreciation	(63,808)	(59,803)
Net Book Value	268,922	264,264

Details of the transactions relating to the carrying amounts and depreciation of non-current assets are set out on pages 68-69, with the net book value detailed below.

Property, Plant & Equipment							Total Property, Plant & Equipment
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	£000
Net Book Value as at 31 March 2020	149,054	4,312	93,822	107	4,661	16,966	268,922
Net Book Value as at 31 March 2019	148,134	4,873	95,466	108	4,303	11,380	264,264
Net Book Value as at 31 March 2018	151,701	4,765	96,587	109	4,500	5,910	263,572

Movements in 2019/2020:

							Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Property, Plant & Equipment							
Cost or Valuation as at 1 April 2019	164,158	14,625	129,453	120	4,331	11,380	324,067
Appropriations	1,849	0	0	0	(218)	(1,631)	0
Assets reclassified to/from held for sale	(85)	0	0	0	(45)	0	(130)
Additions	0	405	1,335	0	0	3,295	5,035
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,378	0	0	0	13	0	3,391
Revaluation increases/(decreases) recognised in the Provision of Services	(4,919)	0	0	0	615	0	(4,304)
Capital expenditure written off	3,040	447	450	66	0	3,922	7,925
Derecognition - disposals	(49)	0	0	0	0	0	(49)
Other movements in cost or valuation *	(3,040)	(40)	(59)	(66)	0	0	(3,205)
Cost or Valuation as at 31 March 2020	164,332	15,437	131,179	120	4,696	16,966	332,730

							Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Property, Plant & Equipment: Depreciation & Impairment							
Accumulated Depreciation & Impairment as at 1 April 2019	(16,024)	(9,752)	(33,987)	(12)	(28)	0	(59,803)
Depreciation Charge & Appropriations	(5,507)	(1,373)	(3,370)	(1)	(7)	0	(10,258)
Depreciation written out to the Revaluation Reserve	3,193	0	0	0	0	0	3,193
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,060	0	0	0	0	0	3,060
Derecognition - disposals	0	0	0	0	0	0	0
Accumulated Depreciation & Impairment as at 31 March 2020	(15,278)	(11,125)	(37,357)	(13)	(35)	0	(63,808)

Movements in 2018/2019:

Property, Plant & Equipment	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2018	163,310	13,268	127,306	120	4,521	5,910	314,435
Appropriations	684	0	94	0	10	(788)	0
Assets reclassified to/from held for sale	(356)	0	0	0	(295)	0	(651)
Additions	713	1,508	2,026	0	0	935	5,182
Revaluation increases/(decreases) recognised in the Revaluation Reserve	325	0	0	0	57	0	382
Revaluation increases/(decreases) recognised in the Provision of Services	(396)	0	0	0	38	0	(358)
Capital expenditure written off	(1,783)	(125)	(3)	0	0	0	(1,911)
Derecognition - disposals	(126)	(154)	0	0	0	0	(280)
Other movements in cost or valuation **	1,787	128	30	0	0	5,323	7,268
Cost or Valuation as at 31 March 2019	164,158	14,625	129,453	120	4,331	11,380	324,067

Property, Plant & Equipment: Depreciation & Impairment	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2018	(11,609)	(8,503)	(30,719)	(11)	(21)	0	(50,863)
Depreciation Charge & Appropriations	(4,707)	(1,403)	(3,268)	(1)	(7)	0	(9,386)
Depreciation written out to the Revaluation Reserve	11	0	0	0	0	0	11
Depreciation written out to the Surplus/Deficit on the Provision of Services	248	0	0	0	0	0	248
Derecognition - disposals	33	154	0	0	0	0	187
Accumulated Depreciation & Impairment as at 31 March 2019	(16,024)	(9,752)	(33,987)	(12)	(28)	0	(59,803)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, none of which has been added to the asset base and £3.205 million of which has been written off as there has been no increase to the asset value in 2019/2020(*); £5.36 million of which has been added to the asset base and £1.91 million of which has been written off as no increase to the asset value resulted in 2018/2019(**).

24.2 Fair Value Measurement of Surplus and Assets Held for Sale

Fair Value Hierarchy

Details of the Authority's surplus assets and assets held for sale and information about the fair value hierarchy are as follows:

	31 March 2020			31 March 2019		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Recurring fair value measurements:						
Using significant unobservable inputs (Level 3)	4,661	90	4,751	4,303	380	4,683
Fair Value	4,661	90	4,751	4,303	380	4,683

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels of the fair value hierarchy during the year.

Valuation Techniques used to Determine Level 3 Fair Values for Surplus Assets

Significant Unobservable Inputs - Level 3

A combination of available market data derived from a mixture of transactions on both Authority-owned and third party assets is analysed to take into account yields, rates per square metre, build costs, etc. in order to measure the fair value of its Surplus Assets and Assets Held for Sale under IFRS13 *Fair Value Measurement*, depending on which technique is considered most appropriate.

There has been no change in the valuation techniques used during the year.

Highest and Best Use

In estimating the fair value of the Authority's surplus assets, the highest and best use of some of the assets is their current use. However for some assets, in considering alternative highest and best uses for the asset being valued, consideration has been given to value for the asset that may not necessarily be reflected in the existing configuration or use of the asset. In the consideration of alternatives the physical, legal and financial feasibility of that alternative has been taken into account.

Valuation Process

The Authority employs in house registered valuers, being the Head of Estates and Strategic Asset Management, P.J. Miles BSc. (Hons), MRICS, who in agreement with the Chief Finance Officer identifies the most appropriate valuation techniques to determine fair value.

All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Authority's valuation experts work closely with finance officers reporting directly to the Chief Finance Officer on a regular basis regarding all valuation matters.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised with Level 3 of the Fair Value Hierarchy

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised with Level 3 of the Fair Value Hierarchy	2019/2020			2018/2019		
	Surplus	Assets	Total	Surplus	Assets	Total
	Assets	Held for Sale		Assets	Held for Sale	
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	4,303	380	4,683	4,500	125	4,625
Appropriations (to)/from Property, Plant & Equipment Operational Assets	(218)	85	(133)	10	356	366
Appropriations (to)/from Assets Held for Sale	(45)	0	(45)	(295)	0	(295)
Appropriations (to)/from Surplus Assets	0	45	45	0	295	295
Total Gains for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	939	0	939	110	0	110
Total Losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(324)	0	(324)	(15)	0	(15)
Total Gains/(Losses) for the period included in the Revaluation Reserve resulting from changes in the fair value	13	0	13	0	0	0
Disposals	0	(420)	(420)	0	(396)	(396)
In-Year Depreciation	(7)	0	(7)	(7)	0	(7)
Balance at 31 March:	4,661	90	4,751	4,303	380	4,683

Reconciliation of Assets measured at Fair Value to the Balance Sheet

The carrying value of a number of assets held for sale is lower than (or equal to) the fair value of those assets. These have therefore been included on the Balance Sheet at carrying amount in accordance with the requirements of the Accounting Code of Practice and consequently are not included in the disclosures for assets held at fair value. The following table reconciles those assets held at fair value with those carried on the Balance Sheet:

	31 March 2020			31 March 2019		
	Surplus Assets £000	Assets Held for Sale £000	Total £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Reconciliation of Assets measured at Fair Value						
Assets measured at Fair Value	4,661	90	4,751	4,303	380	4,683
Assets measured at carrying amount	0	500	500	0	500	500
Assets carried on Balance Sheet	4,661	590	5,251	4,303	880	5,183

24.3 Capital Commitments

Within the Authority's 2019/2020 capital programme, £8.878m relates to schemes that were contractually committed as at 31 March 2020 (£6.399m contractually committed as at 31 March 2019):

Capital Commitments	Commitment Value 2019/2020 £000	Estimated Timescale for Completion No of Years	Commitment Value 2018/2019 £000	Estimated Timescale for Completion No of Years
Lime Avenue Development	5,482	1	0	0
Household Waste Recycling Centre	1,394	1	0	0
Box Works	526	1	959	1
Highways Improvement Works	367	1	841	1
Collaborative Change Programme	279	1	256	1
21st Century Schools - Six Bells Project	221	1	2,739	1
Valleys Regional Park	155	1	0	0
Schools IT Infrastructure	59	1	374	1
CCTV Upgrade	12	1	146	1
Other*	383	1	1,084	1
Total	8,878		6,399	

Other: Includes outstanding retentions on infrastructure & regeneration projects and various other scheme commitments.*

24.4 Revaluations

The Authority has adopted a rolling programme of revaluations to ensure that all assets are revalued at intervals of not more than 5 years. In 2019/2020, the range of assets were revalued by the Authority's Head of Estates and Strategic Asset Management, P.J. Miles BSc. (Hons), MRICS.

Valuations were carried out using the bases outlined in the Accounting Policies (pages 33-34), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors and resulted in a net increase in value to the Authority's non-current assets of £5.458 million.

All items of Property, Plant and Equipment that are operational and provide service potential to the Authority are measured for their service potential either at Existing Use Value (EUV) or Depreciated replacement Cost (DRC). These measurement bases are described in the Code as Current Value. Current Value is to be interpreted as the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of EUV in accordance with UKVS 1.3 or by adopting the DRC approach in accordance with UKVS 1.15 and UKGN 2 of the "Red Book".

Property, Plant and Equipment that does not provide service potential for the Authority (that is those assets classified as surplus assets) are not measured for their service potential but for the economic benefits inherent in the assets. Therefore the current value measurement base for these assets is at Fair Value in accordance with the definitions and measurement requirements in IFRS13.

All assets subject to revaluation during 2019/2020, along with an asset from each different class of asset, have been assessed for material components. The revaluations of those components, where considered to be material, are included in the figures below.

The effective date of revaluation is 30 November 2019. The Authority does not consider the difference in valuations between this date and 31 March 2020 to be material.

The following statement shows the total gross value of assets during each financial year which were re-valued using historical cost and current valuation methods, or against which expenditure was incurred. This provides an indication of the progress of the Authority's 5-year rolling programme for the revaluation of fixed assets.

Non-Current Asset Valuations	31 March 2020 £000	31 March 2019 £000	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000	Total £000
Current Value:						
Heritage Assets	532	0	0	0	0	532
Other Land & Buildings	67,635	31,683	22,185	33,492	108,642	263,637
Community Assets	0	0	30	0	32	62
	68,167	31,683	22,215	33,492	108,674	264,231
Historic Cost:						
Vehicles Plant & Equipment	5	86	0	112	80	283
	5	86	0	112	80	283
Total cost or valuation:	68,172	31,769	22,215	33,604	108,754	264,514

24.5 Capital Expenditure and Financing

Of the £15.466m capital investment made in 2019/2020, £13.314m was financed in-year through revenue contributions, the application of capital receipts and government grants. The remaining £2.152m capital financing requirement has been funded through borrowing, as indicated below:

Capital Expenditure & Financing	2019/2020		2018/2019	
	£000	£000	£000	£000
Capital Investment: Property, Plant & Equipment	13,078		11,650	
REFCUS	2,388		2,247	
		15,466		13,897
Sources of Finance:				
Revenue Provision	(293)		(44)	
Capital Receipts	(142)		(2,235)	
Government Grants & Other Contributions	(12,879)		(6,929)	
		(13,314)		(9,208)
Increase in capital financing requirement:		2,152		4,689
Explanation of in-year movements:				
Borrowing Supported by Government Financial Assistance		1,415		1,975
Borrowing Unsupported by Government Financial Assistance		737		2,714
Total Borrowing:		2,152		4,689

25. Heritage Assets

The Authority owns the following heritage assets, classed as Monuments, preserved principally for their contribution to knowledge and culture:

Heritage Assets (On Balance Sheet)	Estimated Cost/Valuation £000	Description
The Guardian, Six Bells	333	'Guardian' is the largest mining memorial in Wales and commemorates the 1960 Six Bells mining disaster in which 45 men and boys lost their lives in an underground gas and coal dust explosion. The memorial is a 12.6 meter high statue of a miner, constructed from over 20,000 individual slices of 10mm thick steel and stands on a 7.4 meter high sandstone plinth.
Ebbw Vale War Memorial	198	Unveiled September 24th 1924 by Sir Frederick Mills. Listed as an unusually elaborate war memorial, in a prominent setting.
Total Value:	531	

These monuments have been valued on an insurance replacement cost basis and are not depreciated as their useful life is deemed to be indefinite. Revaluations in 2019/2020 increased the carrying amounts of these assets by £0.074m (The Guardian) and £0.044m (War Memorial).

The following assets meet the definition of 'heritage assets', but have not been included on the Authority's Balance Sheet:

Heritage Assets (Not Reported on Balance Sheet)	Description	Valuation
Aneurin Bevan Stones	This monument commemorates Aneurin Bevan, born in Tredegar in 1897 and elected M.P. for the area in 1929. The central monolith represents Aneurin Bevan himself, whilst three satellite stones represents his constituents in Ebbw Vale, Tredegar and Rhymney.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Civic Regalia	Comprising the Mayoral Chain, Mayoress Chain and Civic Mace.	The Authority has an insurance valuation for this asset, which is lower than the £50,000 de minimis threshold for adding assets to the balance sheet.
Clydach Coal Level	A pair of well preserved and dated coal levels with a tramroad connection to the Clydach Railroad.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Ebbw Vale Furnace Bank (aka 45 Yard)	Listed as an extremely scarce survival of a vast furnace bank, begun in the late 18th century, preserved largely intact. In size, only the furnace bank at Cyfarthfa may be a larger contemporary survival nationally and internationally.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Gorsedd Stones, Ebbw Vale	Originally erected at Ebbw Vale Park in June 1957 for the National Eisteddfod of 1958, the stone circle was later moved to its present location opposite the Civic Centre.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Llandafal Colliery Ventilation Furnace	This ventilation furnace probably dates from mining developments in the 1840s or 1850s. Listed as an early air furnace colliery chimney, the only one of this typical form known to survive in South Wales.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Marine Colliery Pumping Engine	A steam pumping engine built by Hathorn Davey of Leeds in 1893 and formerly used at Marine Colliery. Regarded as of national importance as a rare colliery pumping engine surviving intact from the late 19th century.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Sirhowy Ironworks	The impressive remains at Sirhowy Ironworks is the only 18th century ironworking complex still visible in the County Borough.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Sirhowy Ironworks Boundary Stone	Dated 1818 and erected as boundary stone for Sirhowy Ironworks. Listed as a rare survival of an early 19th century industrial boundary stone with unusual history.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.
Ty Mawr, Nantyglo House	Only the foundations remain of the Ty Mawr mansion house built by the Bailey family in 1816, close to the Roundhouse Towers in Nantyglo.	No cost or valuation information is available for this asset and the cost of obtaining a valuation is likely to be prohibitive compared to the value.

A number of other assets, including the Ebbw Vale Works General Offices, St. Illtyd's Church, Llanhilleth Miners' Institute and Newtown Bridge, are regarded as being operational in nature and have therefore not been included as heritage assets, but are included within appropriate Balance Sheet asset classifications.

26. Leases

26.1 Authority as Lessee - Finance Leases

The Council has acquired a number of assets under finance leases, the net value of which total £0.272m (2018/2019: £0.341m). The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet. The Authority is committed to making minimum payments under these leases comprising settlement of the non-current liability for the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments required over a period of not more than 5 years total £0.120m (2018/2019: £0.260m).

26.2 Authority as Lessee - Operating Leases

The Authority has acquired various vehicles and equipment by entering into operating leases, with typical lives of 5 years. The minimum lease payments at 31 March 2020 due under non-cancellable leases in future years are:

	31 March 2020		31 March 2019	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Operating Lease Minimum Payments				
Not later than one year	128	256	65	226
Later than 1 year and not later than 5 years	169	932	98	880
Later than 5 years	0	880	0	1,098
Total Minimum Lease Payments	297	2,068	163	2,204

Charges to service revenue accounts in the Comprehensive Income and Expenditure Statement during the year in relation to these leases totalled £0.387m (2018/2019: £0.295m).

No balances are held on the Balance Sheet in relation to Operating Leases.

26.3 Authority as Lessor - Finance Leases

The Authority has 2 finance lease arrangements as a lessor:

- In 2011/2012, the Authority entered into a 50 year arrangement to lease part of the General Offices building in Ebbw Vale to the Gwent Joint Records Committee hosted by Torfaen CBC, for housing of the Gwent County Archives facility.
- On 1 October 2014, the Authority entered into a 6 year lease arrangement for sports equipment with Aneurin Leisure Trust.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining lease term.

	31 March 2020		31 March 2019	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Lease Debtor				
Current	0	64	78	59
Non-Current	0	2,851	0	4,085
Unguaranteed Residual Value of Property	0	(450)	0	(566)
Total	0	2,465	78	3,578

The gross investment in the leases in relation to these assets is made up as follows:

	Gross Investment in Lease			
	31 March 2020		31 March 2019	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	0	64	78	59
Later than 1 year and not later than 5 years	0	289	0	268
Later than 5 years	0	2,112	0	3,251
Total	0	2,465	78	3,578

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

	Minimum Lease Payments			
	31 March 2020		31 March 2019	
	Vehicles, plant & equipment	Other land & buildings	Vehicles, plant & equipment	Other land & buildings
	£000	£000	£000	£000
Finance Leases - Lessor				
Not later than one year	0	216	80	269
Later than 1 year and not later than 5 years	0	866	0	1,074
Later than 5 years	0	4,653	0	7,344
Total	0	5,735	80	8,687

26.4 Authority as Lessor - Operating Leases

The Authority leases out land and buildings under operating leases. The minimum lease payments receivable under non-cancellable leases in future years are £2.916m (2018/2019: £3.061m).

	31 March 2020	31 March 2019
	Other land & buildings £000	Other land & buildings £000
Operating Lease Minimum Payments Receivable		
Not later than one year	558	540
Later than 1 year and not later than 5 years	1,748	1,696
Later than 5 years	610	825
Total Minimum Lease Payments Receivable	2,916	3,061

27. Non-Current Investments

Non-current investments consist of the Authority's 100% shareholding in Silent Valley Waste Services Ltd. The value of this shareholding included in the Authority's Balance Sheet at 31 March 2020 was £0.250m (31 March 2019: £0.250m).

27.1 Silent Valley Waste Services Ltd. (SVWS)

The Authority is the owner of the Local Authority waste disposal company - Silent Valley Waste Services Ltd.. The Authority is the sole shareholder, providing £250,000 share capital of 1,000 ordinary shares and 249,000 redeemable shares of £1 each. The latter are redeemable at the sole option of the Authority. The company was established in 1994 in accordance with Part V of the Local Government and Housing Act 1989.

In 2011 the Environment Agency (Wales) issued a closure notice for the landfill site at Cwm, Ebbw Vale. On 22 August 2011 the site stopped accepting waste to landfill. Silent Valley Waste Service Ltd. continues to manage the Waste Transfer Station and the associated bulking and transportation of the Authority's waste at this facility, the Authority's Civic Amenity Site and the operations at the Leachate Lagoon.

At 31 March 2020 the company had three registered directors. Two Elected Members of Blaenau Gwent CBC were appointed as non-executive directors with effect from 19 March 2018; one of these resigned on 31 May 2019 and was replaced with another Elected Member with effect from 1 June 2019.

One of the stated purposes of a board restructure in 2012 was for the Authority to take control of activities at Silent Valley Waste Services, and consequently the Authority is required to prepare Group Accounting statements. These have been included on pages 124-144, based on the company's Draft 2019/2020 Accounts, which were awaiting approval by the Silent Valley Board.

The Company's Accounts and further information can be obtained from:

D. Waggett, Beechwood House, Cwm, Ebbw Vale, Gwent NP23 6PZ.

28. Non-Current Debtors

Non-current debtors in the balance sheet consist of the following:

	31 March 2020				31 March 2019			
	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000	Gross Debtors £000	Impairment £000	Prepayments £000	Total Net Non-Current Debtors £000
Local Authorities	2,852	0	0	2,852	4,085	0	0	4,085
Other Entities & Individuals	496	(128)	0	368	442	(37)	0	405
Total	3,348	(128)	0	3,220	4,527	(37)	0	4,490

Impairment of Non-Current Debtors

Non-current debtor balances have been reduced to reflect sums that have not been written off but are considered to be potentially irrecoverable. Impairment allowance accounts have been established for the following debtors.

	31 March 2020			31 March 2019		
	Gross Debtor £000	Impairment £000	Net Debtor £000	Gross Debtor £000	Impairment £000	Net Debtor £000
Impairment of Non-Current Debtors						
Land & Property Charges	175	(128)	47	51	(37)	14
Total	175	(128)	47	51	(37)	14

29. Consolidation of Schools in Single Entity Accounts

The income, expenditure, assets, liabilities, reserves and cash flows of schools are accounted for in accordance with the prescribed treatment in the Accounting Code of Practice as set out in the Authority's accounting policies (see policy 1.17, page 38). The value of school assets included in the Balance Sheet is as follows:

	31 March 2020				31 March 2019			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Value of School Assets								
Land & Buildings	82,417	0	2,087	84,504	73,326	0	2,608	75,934

The valuation of school non-current assets increased by £8.570m during 2019/2020, largely due to the completion of the Six Bells Primary School.

The Authority has the following types of maintained schools under its control:

Analysis of School by Type	31 March 2020				31 March 2019			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
Primary Schools	15	4	0	19	15	4	0	19
Middle Schools	2	0	0	2	2	0	0	2
Secondary Schools	1	0	1	2	1	0	1	2
Special Schools	2	0	0	2	2	0	0	2
Total	20	4	1	25	20	4	1	25

For those maintained schools not controlled by the Authority, any transactions made on their behalf have been included in the Comprehensive Income & Expenditure Statement and related notes under the appropriate Portfolio, or exceptionally as third party payments.

During the year, transactions in relation to school entities resulted in the following surpluses or deficits:

School Transactions - In-Year (Surplus)/Deficit	2019/2020				2018/2019			
	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000	Community Schools £000	Voluntary Controlled & Aided Schools £000	Foundation Schools £000	Total £000
Primary Schools	(276)	29	0	(247)	(227)	(201)	0	(428)
Middle Schools	68	0	0	68	(86)	0	0	(86)
Secondary Schools	8	0	(60)	(52)	(19)	0	(76)	(95)
Special Schools	(40)	0	0	(40)	(165)	0	0	(165)
Total In-Year (Surplus)/Deficit	(240)	29	(60)	(271)	(497)	(201)	(76)	(774)

The following balances were held by schools at the end of the financial year:

School Balances	31 March 2020				31 March 2019			
	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total	Community Schools	Voluntary Controlled & Aided Schools	Foundation Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools	(1,225)	(306)	0	(1,531)	(948)	(336)	0	(1,284)
Middle Schools	829	0	0	829	761	0	0	761
Secondary Schools	(294)	0	(43)	(337)	(303)	0	18	(285)
Special Schools	(286)	0	0	(286)	(246)	0	0	(246)
Total	(976)	(306)	(43)	(1,325)	(736)	(336)	18	(1,054)

30. Current Debtors

Amounts owing to the Authority, net of impairment, were as follows:

Current Debtors	31 March 2020				31 March 2019			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	10,152	0	0	10,152	5,473	0	0	5,473
Other Central Government	2,120	0	0	2,120	1,099	0	0	1,099
Local Authorities	2,838	(19)	0	2,819	2,379	(1)	32	2,410
NHS	2,286	(20)	22	2,288	929	(5)	0	924
Council Tax Arrears	5,046	(2,102)	0	2,944	4,546	(1,867)	0	2,679
Other Entities and Individuals	5,354	(1,409)	923	4,868	4,481	(2,295)	1,372	3,558
Trade	762	(227)	0	535	930	(86)	0	844
Total	28,558	(3,777)	945	25,726	19,837	(4,254)	1,404	16,987

Impairment of Current Debtors

Current debtor balances have been reduced to account for sums that have not been written off but are potentially irrecoverable. For those debtors falling within the scope of IFRS9, the 'Simplified Approach' has been applied under which impairment losses are automatically based on lifetime expected credit losses.

The Authority has also established impairment allowances for debtors falling outside of the scope of IFRS9, notably council tax arrears and housing benefit overpayments.

	31 March 2020			31 March 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
	Debtor		Debtor	Debtor		Debtor
	£000	£000	£000	£000	£000	£000
Impairment of Current Debtors						
<i>Impairment of Debtors within the scope of IFRS 9:</i>						
Land & Property Charges	303	(222)	81	312	(227)	85
Trade Debtors	671	(227)	444	919	(86)	833
Debtors related to Sales, Fees & charges	709	(544)	165	490	(322)	168
<i>Impairment of Debtors outside of the scope of IFRS 9:</i>						
Council Tax	5,046	(2,102)	2,944	4,546	(1,867)	2,679
Housing Benefits	1,570	(616)	954	1,715	(1,688)	27
Public Sector Bodies	4,128	(39)	4,089	2,281	(4)	2,277
Other Debtors	172	(27)	145	17	(60)	(43)
Total	12,599	(3,777)	8,822	10,280	(4,254)	6,026

Basis of Impairment of Current Debtors outside of the scope of IFRS9:

Council Tax

All Council Tax debts are considered to have fallen due by the 31 March in the financial year to which they relate. In determining whether these debts should be impaired, the Authority has taken into account any known specific circumstance in relation to individual debtors that would have a bearing on the ability or potential for settlement of the debt, e.g. bankruptcy, insolvency or absconding. In these specific cases, the debt is considered as unlikely to be recovered at that point in time and is impaired at 100% of the amount outstanding. For all other cases, the age of the debt is used to determine the level of impairment, ranging from 5% for those amounts less than 1 year overdue to 100% for amounts over 5 years overdue.

Housing Benefits

The simplified approach has been adopted to impairment of Housing Benefit Overpayments, with expected lifetime losses calculated using a probability matrix based on the age of debt outstanding and an assessment of the possibility of default occurring.

Public Sector Bodies

Where identified, debtors in relation to other public sector bodies are not impaired on the assumption that recovery will be made in full. Exceptionally, impairment is provided in cases where specific information indicates that the debt may not be fully settled.

Other Debtors

The simplified approach has been adopted to impairment of Other Debtors, with expected lifetime losses calculated using a probability matrix based on the age of debt outstanding and an assessment of the possibility of default occurring.

Impairment of Debtors Outside of the Scope of IFRS9	31 March 2020						31 March 2019					
	Council Tax	Housing Benefit	Public Sector Bodies	Other Debtors	Total Debtors Outside Scope	Impairment	Council Tax	Housing Benefit	Public Sector Bodies	Other Debtors	Total Debtors Outside Scope	Impairment
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Category of debtor:</i>												
General Arrears < 1 year old	1,981	260	4,010	33	6,284	(164)	1,908	3	2,283	8	4,202	(105)
General Arrears > 1 year <5 years old	2,081	929	7	59	3,076	(1,410)	1,618	24	5	4	1,651	(866)
General Arrears > 5 years old	464	378	(1)	32	873	(712)	426	4	(7)	5	428	(441)
Recovered Through Housing Benefits	0	0	0	0	0	0	0	1,684	0	0	1,684	(1,670)
Absconders	371	0	0	0	371	(371)	445	0	0	0	445	(445)
Bankruptcy/Liquidation/Insolvency	71	0	0	0	71	(71)	43	0	0	0	43	(43)
Other	57	0	0	0	57	(56)	49	0	0	0	49	(49)
Arrears not impaired	21	3	112	48	184	0	57	0	0	0	57	0
Total	5,046	1,570	4,128	172	10,916	(2,784)	4,546	1,715	2,281	17	8,559	(3,619)

31. Current Creditors

Amounts owed by the Authority were as follows:

Current Creditors	31 March 2020			31 March 2019		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(347)	0	(347)	(226)	0	(226)
Other Central Government	(679)	0	(679)	(810)	0	(810)
Local Authorities	(1,396)	(5)	(1,401)	(1,335)	(3)	(1,338)
NHS	(290)	0	(290)	(407)	0	(407)
Capital Creditors	(1,511)	0	(1,511)	(226)	0	(226)
Council Tax Credits	(876)	0	(876)	(835)	0	(835)
Other Entities and Individuals	(7,115)	(275)	(7,390)	(5,946)	(225)	(6,171)
Trade	(1,360)	0	(1,360)	(1,401)	0	(1,401)
Total	(13,574)	(280)	(13,854)	(11,186)	(228)	(11,414)

32. Provisions, Contingent Liabilities and Contingent Assets

32.1 Provisions - Purpose

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. The purpose of each provision, categorised as 'Employee-related' or 'Other', is as follows:

Employee-Related Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Back Pay	To provide for outstanding amounts estimated in relation to back pay claims and associated tax and pension liabilities.	Inherently uncertain; from 2020/2021.	The sum included in the provision for back pay represents a reasonable estimate of the possible financial impact of the liability arising from these claims. There are diverging legal views and uncertainty regarding the need to recognise a provision in respect of pension contributions on equal pay settlements. The Authority has decided to include pension contributions, but future legal opinion may change this position.
Early Terminations	To provide for known sums in relation to early terminations where these had been approved prior to the end of the financial year.	Redundancy payments expected to be settled in 2020/2021.	The provision for early terminations comprises the known value of redundancy payments occurring after 31 March 2020 for which a legal or constructive obligation existed at that date. This obligation may have been through approval of the individual redundancies or through a decision that has a material impact on the structure or functions of the Authority. It is assumed that all employees included within the provision will have left during the next financial year.

Other Provisions:

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Carbon Reduction Commitment	To provide for purchase of allowances arising from in year production of carbon emissions.	Fully utilised in 2019/2020.	Provision was based on relevant utility readings for 2018/2019, some of which were estimated. The remaining balance has been unwound.
Insurance	To provide for known insurance liabilities, including sums relating to the Municipal Mutual Insurance Scheme of Arrangement originally established in 1994 under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006).	To be utilised from 2020/2021 on settlement of claims.	The amount and timing of settlement of insurance claims are inherently uncertain. It has been assumed that the timing and value of the settlement of future claims will be similar to known claims history. As all known claims fall below the Authority's excess level(s) there is not expected to be any significant reimbursement by the Authority's insurers. In November 2012 the Directors and Board of Municipal Mutual Insurance agreed to the irrevocable triggering of the Scheme of Arrangement in order to avoid insolvent liquidation. As a result, the Authority has included £0.011m in the Insurance Provision, set at 25% of total outstanding claims. In addition, £0.038m has been included in respect of MMI claims for the former Gwent County Council.

Other Provisions (Continued):

Provision	Purpose	Timescale for Utilisation	Uncertainties, Assumptions and Potential Reimbursement
Lease Dilapidation	To provide for works to three leased assets (Anvil Court, Ebbw Vale Multi-Storey Car Park, and 20 Church Street) to return the assets to their condition as at the inception of the respective lease agreements.	Ebbw Vale Multi-Storey Car Park: ending in 2070. Anvil Court: ending in 2026. 20 Church Street: to be utilised in 2020/2021.	Sums provided are for estimated costs to restore leased assets to original condition. No allowance has been made for improvement works undertaken that may be retained by the lessor.
Part 1 Land Compensation Claims	To provide for claims under Part 1 of the Land Compensation Act 1973 in relation to depreciation of the value of an interest in land by physical factors caused by the use of public works.	There is uncertainty with regards to the timescale for agreement.	The sum provided is an estimate based on total proposed settlements, but is subject to change. Additional claims could become payable in respect of a number of other public works in the County Borough. It is assumed that all settlements will be as offered and no reimbursements will be expected.
Waun y Pound Unit 1	To provide for repairs to Waun y Pound Unit 1 arising from damages to loading bay on 26 November 2016.	Unwound in 2019/2020.	Outstanding issues have been resolved and the remaining balance unwound.

32.2

Provisions - Movements

Movements in employee-related and other provisions during 2019/2020 were as follows:

	Balance at	Amounts	Unused	Unwinding of	Additional	Balance at
Provision Movements	1 April 2019	Used in	Reversed in	Discount in	Provisions	31 March 2020
	£000	2019/2020	2019/2020	2019/2020	made in	£000
		£000	£000	£000	2019/2020	
					£000	
Current Provisions						
Employee Provisions:						
Back Pay	(146)	0	0	0	0	(146)
Early Terminations	(366)	366	0	0	(142)	(142)
Total Current Employee Provisions:	(512)	366	0	0	(142)	(288)

Provision Movements	Balance at 1 April 2019 £000	Amounts Used in 2019/2020 £000	Unused Amounts Reversed in 2019/2020 £000	Unwinding of Discount in 2019/2020 £000	Additional Provisions made in 2019/2020 £000	Balance at 31 March 2020 £000
Other Provisions (Current):						
Carbon Reduction Commitment	(138)	128	10	0	0	0
Insurance	(1,954)	3	840	0	(408)	(1,519)
Part 1 Land Compensation Claims	(357)	5	0	0	0	(352)
Waun Y Pound Unit 1	(9)	0	9	0	0	0
Total Other Current Provisions:	(2,458)	136	859	0	(408)	(1,871)
Total Current Provisions:	(2,970)	502	859	0	(550)	(2,159)
Other Provisions (Non-Current):						
Insurance	(1,733)	316	0	0	(464)	(1,881)
Lease Dilapidation - Anvil Court	(69)	0	69	0	(133)	(133)
Lease Dilapidation - Ebbw Vale Multi Storey Car Park	(14)	0	14	0	(14)	(14)
Lease Dilapidation - 20 Church Street	0	0	0	0	(6)	(6)
Total Non-Current Provisions:	(1,816)	316	83	0	(617)	(2,034)
Total Provisions:	(4,786)	818	942	0	(1,167)	(4,193)

32.3 Contingent Liabilities

- Under the terms of the Municipal Mutual Insurance Scheme of Arrangement, the Authority is responsible for the payment of a percentage towards future claims, potentially for many years due to the inherent long-tail nature of the insured risks.
- As part of the legal agreements associated with the transfer of the Authority's Housing Stock to Tai Calon, a number of warranties and indemnities have been provided for a period of 32 years from the transfer date (July 2010), covering areas including environmental, asbestos and redevelopment issues. The limit to claims made against these warranties is £15,000 for each property (uprated annually by RPI), with the exception of warranties for environmental pollution and asbestos, where the limits are £125m (environmental pollution and asbestos - works indemnity) and without limit (asbestos - personal injury and death). Claims are subject to an excess level below which the Authority is not liable to reimburse Tai Calon, these being £5,000 generally and £4.7625m 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 £30m. 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.
- The Authority has received a number of Part 1 claims arising under the 1973 Land Compensation Act in relation to a number of public works projects. While it is not yet possible to determine the final number and value of these claims in compliance with the Act and the full extent to which settlement will be made, a provision has been included for those claims where offers have been made.

- On creation of Aneurin Leisure Trust in October 2014, pension assets and liabilities assessed on an actuarial basis were transferred from Blaenau Gwent CBC, such that the Trust's pension obligations were deemed to be fully funded. The funding deficit accruing to 30 September 2014 in respect of employees relocating to Aneurin Leisure Trust was not transferred, but was retained by Blaenau Gwent CBC. The Trust is therefore only responsible for any increase in liabilities (on an actuarial valuation basis) occurring after the transfer date, with the Authority acting as a guarantor for the previously accrued net deficit. In addition, the Authority agreed to act as guarantor of last resort in order that the Leisure Trust could enter the Greater Gwent (Torfaen) Pension Fund as an admitted body and has therefore agreed to underwrite any costs arising in the event that the admitted body defaults on any or all of its payments in relation to its pension obligations.
- With effect from 1 October 2018, the Authority entered into an agreement with Compass Contract Services (UK) Limited, trading as Chartwells, for the provision of catering services at Glyncoed Primary School. In order to continue the pension rights of the staff transferred under a TUPE arrangement, it was agreed that Chartwells would be designated an admitted body in the Greater Gwent (Torfaen) Pension Fund. The Authority has agreed to provide a guarantee to the administering body (Torfaen CBC) underwriting any scheme liabilities unpaid (in whole or part) by the admitted body in the event of insolvency, winding up, liquidation, default in payment or termination of the admission agreement.
- In 2018, the High Court ruled that UK defined benefit pension schemes must compensate members for differences attributable to Guaranteed Minimum Pensions (GMPs). The 'interim' solution implemented by the Government involved the LGPS fund paying for both initial pension and all increases for members reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021, with a stated preferred long term option of converting GMP to scheme benefit (subject to further consultation). This proposed long-term solution will lead to an increase in pension fund liabilities as a result of the scheme paying full GMP increases for all members with a SPA after 2016. Effectively this passes the cost from the State to LGPS funds (and therefore employers). There has been no indication of additional funding to cover this extra cost. As at 31 March 2020, the Greater Gwent (Torfaen) Pension Fund actuary has not supplied figures in relation to this increased liability/cost, but has indicated that a typical fund could see an increase in liabilities of 0.5% (approximately £2.872m for Blaenau Gwent, if typical).

33. Other Long-Term Liabilities

The Authority holds the following balances as long-term liabilities.

Other Long-Term Liabilities	31 March 2020 £000	31 March 2019 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,123)	(1,433)
Deferred Liabilities	(68)	(217)
Net Pensions Liability	(267,258)	(325,993)
Total	(269,449)	(327,643)

- Long-Term Liabilities for Cardiff Capital Region City Deal represent the Authority's share of HMT grant received by the joint arrangement but not yet utilised, in addition to an apportionment of the costs recognised to date by the joint arrangement in relation to the deferred purchase of property by the Compound Semi-Conductor project.
- Deferred Liabilities represent amounts outstanding for finance leases in relation to vehicles, plant and equipment leased by the Authority.
- The Net Pensions Liability represents the amount by which pension liabilities attributable to the Authority exceed pension assets held in order to settle current and future obligations.

34. Financial Instruments

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that take place over the remaining term of the instruments as at the balance sheet date.

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

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

Financial Liabilities	Fair Value Level	31 March 2020		31 March 2019	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loan Board	2	(78,856)	(95,327)	(72,081)	(91,778)
Lenders Option Borrowers Option (LOBO)	2	(4,043)	(5,826)	(4,044)	(6,149)
Market Loans	2	(14,000)	(14,100)	(19,000)	(19,264)
Temporary Loans	n/a	(60,699)	(60,626)	(61,649)	(61,803)
Other Loans	n/a	(1,429)	0	(768)	(768)
Total		(159,027)	(175,879)	(157,542)	(179,762)

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

The fair value is more than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans, namely PWLB annuity and Lender's Option Borrower's Option (LOBO), where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount the Authority would have to pay if the lender requested or agreed to early repayment of loans.

Fair value disclosures have not been calculated for short term financial liabilities, including payables (creditors), as the carrying amount is a reasonable approximation of fair value.

Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Financial Instruments	31 March 2020			31 March 2019		
	Non-Current £000	Current £000	Total £000	Non-Current £000	Current £000	Total £000
Financial Liabilities						
Financial liabilities at amortised cost	(89,548)	(69,479)	(159,027)	(84,439)	(73,103)	(157,542)
Total Borrowings	(89,548)	(69,479)	(159,027)	(84,439)	(73,103)	(157,542)
Financial Assets						
Available for Sale - Unquoted equity investment at cost	250	0	250	250	0	250
Total Investments	250	0	250	250	0	250

Note: Silent Valley Waste Services Ltd.:

Where a reliable fair value cannot be established for an unquoted equity instrument then the investment should be measured at cost. In order to calculate a fair value for the investment in Silent Valley Waste Services, all future dividends receivable would need to be discounted to the value as at the Balance Sheet date. The time period for which such dividends would be receivable is undeterminable and therefore the asset has been measured at cost.

Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income & Expenditure Statement (note 9, page 49) in relation to financial instruments are made up as follows:

Financial Instrument Gains/Losses	2019/2020			2018/2019		
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2019/2020 £000	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans & Receivables £000	Total 2018/2019 £000
Interest payable and similar charges:						
Interest expense	4,274	0	4,274	4,368	0	4,368
Interest and investment income:						
Interest income	0	(74)	(74)	0	(48)	(48)
Net (gain)/loss for the year:	4,274	(74)	4,200	4,368	(48)	4,320

Soft Loans

Car loans are classified as soft loans and should be included in the Balance Sheet at fair value. However, car loans have been included at their carrying amount, as the difference between the fair value and carrying amount is considered to be immaterial. As at 31 March 2020, 100 car loans were outstanding with a total value of £0.520m (31 March 2019: 117 loans with a value of £0.591m).

35. Disclosure of Nature and Extent of 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; and
- 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 movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are defined through a legal framework set out in the Local Government Act 2003 and associated regulations and are managed by the Authority's Accountancy Division. These require compliance with the CIPFA Prudential Code of Practice, the CIPFA Treasury Management Code of Practice and investment guidance issued under the Local Government Act 2003. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving an Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with government guidance; and
- by approving annually in advance Prudential and Treasury Indicators for the following three years limiting:
 - the Authority's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures to the maturity structure of its debt; and
 - its maximum annual exposures to investments maturing beyond a year.

The above are required to be reported and approved at or before the Authority's annual Council Tax setting meeting or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy, Investment Strategy and MRP Policy statement, which incorporates the Prudential Indicators, was approved by Council on 21 March 2019 and is available on the Authority's website:

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201903211030/Agenda/att10226.pdf>

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201903211030/Agenda/att10227.pdf>

<http://democracy.blaenau-gwent.gov.uk/Data/Ordinary Meeting of the Council/201903211030/Agenda/att10228.pdf>

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied by using Credit Default Swap (CDS) spread data and credit rating alerts.

The full Investment Strategy for 2019/2020 was approved by Council on 21 March 2019.

The Authority's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

However, all investments held by the Authority during the period are considered to be of low risk. No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance of any of its counterparties in relation to deposits.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures outlined above (*the setting and approval of Prudential Indicators and the approval of the Treasury and Investment Strategy reports*), as well as through a comprehensive cash flow management system. This seeks to ensure that cash is available when needed.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board (PWLb) and money markets for longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The source analysis of financial liabilities is as follows:

Financial Instruments	31 March 2020		31 March 2019	
	£000	%	£000	%
Source of Loan				
Public Works Loan Board	(79,430)	49.78	(72,700)	45.98
Lenders Option Borrowers Option (LOBO)	(4,000)	2.51	(4,000)	2.53
Market Loans	(14,000)	8.77	(19,000)	12.02
Temporary Loans	(60,699)	38.04	(61,649)	38.99
Other Loans	(1,429)	0.90	(768)	0.48
Total:	(159,558)	100.00	(158,117)	100.00

The maturity analysis of financial liabilities is as follows:

Maturity of Loan	31 March 2020		31 March 2019	
	£000	%	£000	%
Maturing in less than 1 year	(69,479)	43.54	(73,103)	46.23
Maturing in 1-2 years	(5,848)	3.67	(8,802)	5.57
Maturing in 2-5 years	(25,124)	15.75	(13,538)	8.56
Maturing in 5-10 years	(25,962)	16.27	(21,998)	13.91
Maturing in more than 10 years	(33,145)	20.77	(40,676)	25.73
Total:	(159,558)	100.00	(158,117)	100.00

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income & Expenditure Statement will rise.
- Borrowings at fixed rates - the fair value of the liabilities will fall.
- Investments at variable rates - the interest income credited to the Comprehensive Income & Expenditure Statement will rise.
- Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact upon the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income & Expenditure Statement and will affect the Council Fund Balance.

The Authority has a number of strategies for managing interest rate risk. The Treasury Management Strategy sets an upper limit on variable rate exposures at 30% of its net outstanding sums. During periods of falling interest rates, long term fixed rate borrowings will be postponed and potential rescheduling from fixed rate funding into short term funding will be considered, where economic circumstances make it favourable to do so. The risk of loss is partly ameliorated by the fact that the debt financing element of the Standard Spending Assessment, which determines the amount of Revenue Support Grant receivable for non-current debt financing costs, is based on Authorities' average borrowing costs for existing debt and statistical forecasts of future interest rates for in-year debt. Hence a proportion of any higher costs arising on non-current debt from increased interest rates would be met from the Revenue Support Grant in future years.

In setting the annual revenue budget, the Authority takes a prudent view when assessing interest rate exposure, so as to mitigate as far as possible any adverse implications upon the Comprehensive Income & Expenditure Statement.

Of the Authority's non-current debt, 95% is currently at fixed rates; only the LOBO is considered to be variable, although the chances of repayment being demanded are relatively small. The effect of a 1% increase in interest rates would therefore only affect the interest receivable and payable on its current investments and borrowings, and on the LOBO.

If interest rates had been 1% higher, with all other variables held constant, the financial effect would have been:

Interest Rate Risk	2019/2020 £000	2018/2019 £000
Increase in interest payable on current variable rate borrowings	694	667
Increase in interest receivable on current variable rate investments	(79)	(51)
Increase in interest payable on non-current variable rate borrowings	40	40
Net impact upon Comprehensive Income & Expenditure Statement:	655	656

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

Price Risk

The Authority does not invest in equity shares but does have a 100% shareholding to the value of £250,000 in Silent Valley Waste Services Ltd.. As the shareholding is unquoted the Authority is not exposed to losses arising from movements in the prices in the shares. The £250,000 shares are classified as unquoted investments at cost.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to losses arising from movements in exchange rates.

36. Post-Employment Benefits - Defined Contribution Plans (Teachers)

The Teachers' Pension Scheme is an unfunded scheme, in which pension benefit payments from the scheme are funded by current employee and employer contributions. The difference between these contributions and scheme expenditure are financed by the Exchequer. As an indication of the scale of the fund and the sums involved, the net cash requirement was £3.577bn and total net scheme liabilities amounted to £359.8bn for the last available year of account (2018/2019).

Employer contributions are set by the Secretary of State, on the advice of the fund actuary. Following the recommendations of Lord Hutton on public sector pensions, a valuation as at 31 March 2012 has been undertaken by the Government Actuary's Department in line with the revised valuation directions determined by Her Majesty's Treasury. As a result of this valuation, the standard contribution rate (SCR) was assessed at 20.4% and the supplementary contribution rate (which funds the accumulated shortfall of liabilities within a period of up to 15 years) was set at 5.6% (a total contribution rate of 26.0%). Consequently, the employers rate has been increased from 14.1% of employees pensionable pay to 16.4%, effective from 1 September 2015, with employees contributing an average 9.5%. The actuarial valuation based on scheme data for the period ending 31 March 2016 has been progressing and was expected to be implemented in 2019, with subsequent valuations to be undertaken on a four-yearly basis. However, following the Court of Appeal ruling against the government in respect of changes to the judges and firefighters pension schemes, the actuarial valuation has been suspended.

The Authority is liable for other entities' obligations only to the extent that any deficit arising on the Teachers' Pension Scheme that is being recovered through the supplementary contribution element of the Employer Contribution rate may not have resulted from employees or former employees of the Authority.

The Authority is not required to include entries in its Balance Sheet relating to assets and liabilities for the Teachers' Pensions Scheme, as the liability for payment of these pensions rests ultimately with the Department for Education.

Teachers employed by the Authority are members of the Teachers' Pension Scheme (a defined benefit scheme) administered by Capita Teachers' Pensions. The Authority contributes towards the costs of retirement benefits by making contributions based on a percentage of employees' pensionable salaries.

The TPS is a multi-employer scheme which, for the last year for which Accounts were available (2018/2019), comprised 11,128 contributing employers that administered over 1.25 million active/deferred members and made payments to 729,471 pensioners. Given the complexities involved in administering pension arrangements for this volume of employees, it is not possible to disaggregate the scheme liabilities for each employer. Consequently, there is insufficient information available to account for the TPS as a defined benefit plan and as a result it has been accounted for as a defined contribution scheme.

In 2019/2020, the Authority paid employers contributions of £4.016 million to Capita Teachers' Pensions in respect of teachers' pension costs, representing 16.5% of teachers' pensionable pay (2018/2019: £3.188 million, representing 16.5%). At 31 March 2020, £0.387 million remained payable to the Teachers' Pension Scheme relating to employers contributions arising in the March payroll (31 March 2019: £0.263m).

The total employers contributions to be made by the Authority to the Teachers' Pension Scheme in the year to 31 March 2021, is estimated at £4.650m.

The Authority made total contributions (employees and employers) to the TPS amounting to £5.868m in 2019/2020, which would have represented approximately 0.09% of the total contributions receivable by the TPS in the last year of account (2018/2019).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement that fall outside of the terms of the Teachers' Scheme. These costs are accounted for on a defined benefit basis and are detailed in note 37.

37. Post-Employment Benefits - Defined Benefit Plans

Retirement benefits are offered to the Authority's employees which, although not actually payable until employees retire, represent a commitment by the Authority that needs to be disclosed in the Accounts in the financial period in which the entitlement to benefits arises (i.e. when earned by employees through service provided).

The Authority participates in two formal schemes, the Local Government Pension Scheme (the Greater Gwent (Torfaen) Pension Fund), which is administered by Torfaen CBC, and the Teachers' Pensions Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. Although technically a defined benefit scheme, the Teachers' Pensions Scheme is accounted for as a defined contribution scheme (note 36).

With effect from 1 April 2014, the Local Government Scheme is a funded defined benefit Career Average Revalued Earnings (CARE) scheme, in which the Authority and employees make contributions calculated at a level intended to balance pension liabilities arising with investment assets. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last completed review being 31 March 2016.

Pension benefits under the LGPS are summarised below:

	Service pre 1 April 2008	Service between 1 April 2008 and 31 March 2014	Service after 31 March 2014
Pension	Each year worked is worth 1/80th of final pensionable salary.	Each year worked is worth 1/60th of final pensionable salary.	Each year worked is worth 1/49th of career average revalued earnings.
Lump Sum	Automatic lump sum of 3x annual pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

The Scheme is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:-

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- the LGPS (Management and Investment of Funds) Regulations 2016.

As administering authority, Torfaen County Borough Council is responsible for interpreting all pension laws, keeping accurate records, calculating and paying benefits, and providing information to employees, employers and other relevant bodies. Torfaen County Borough Council has established within its Constitution a Pensions Committee to discharge its duties as administering authority of the Fund. The Council has also established a Pension Fund Management Group to provide wider stakeholder representation and communication in matters relating to the Fund. As required by the Public Services Pension Act 2013 and LGPS (Amendment) (Governance) Regulations 2015, a Pension Fund Board has been established to assist the Scheme manager with securing compliance with regulations, legislation and the Pension Regulator's Codes of Practice relating to administration and governance of the Local Government Pension Scheme.

The Fund's primary long term risk is that its assets will fall short of its liabilities (i.e. its promised benefits payable to members). Investment risk management across the Fund is therefore aimed to minimise the risk of an overall reduction in the value of the Fund whilst maximising the opportunity for gains across the whole portfolio. Within its investment strategy the Fund aims to manage this primary overall risk by:-

- asset diversification to reduce exposure to market risk (asset price risk, interest rate risk and currency risk);
- managing credit risk via appropriate selection, diversification and monitoring of its counterparties; and
- managing liquidity risk by ensuring there are sufficient liquid funds to meet member benefit commitments as they fall due.

To meet the requirements of the Regulations, the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing basis including allowance for projected final pay. The funding objective as set out in the FSS (Funding Strategy Statement) is to achieve and maintain a funding level of 100% of liabilities (the Funding Target). In line with the FSS, where a shortfall exists at the effective date of the actuarial valuation (31 March 2016), a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. The maximum deficit recovery period has been set as 20 years.

The 2016 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 72% (2013 Valuation: 71%). As a result, employer contribution levels have been calculated for implementation from 1 April 2016 that will, subject to future revaluations, eliminate this deficit by 2036. Scheme changes implemented under the Public Pensions Service Act 2013, including calculating pension and other benefits on the basis of career average re-valued earnings, will also need to be considered in meeting the future funding objectives.

As an indication of the level of the Authority's participation in the Greater Gwent (Torfaen) Pension Fund compared with other participating entities, Blaenau Gwent contributed 11.6% of the total employee and employer contributions receivable by the Fund as disclosed in the most recently available annual accounts (2019/2020).

More detailed information regarding the nature of benefits provided, regulatory framework, governance arrangements, investment principles, funding strategy, actuarial valuation and pension fund performance can be obtained from the Assistant Chief Executive (Resources), Torfaen County Borough Council, Civic Centre, Pontypool, NP4 6YB, or from the Greater Gwent Pensions Fund website:

<https://www.gwentpensionfund.co.uk>

Discretionary Benefits

The Authority is responsible for all discretionary pension payments relating to added years awarded, together with related increases for both Local Government Scheme employees and teachers. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made but for which there are no investment assets built up to meet these pensions liabilities. Cash has to be generated to meet actual pensions payments as they fall due. For Local Government Scheme employees, liabilities are discharged within 1 year of awarding the discretionary payments; for Teachers' Scheme employees the liability is not discharged until the employee is deceased.

Accounting Treatment of Defined Benefit Transactions

The cost of retirement benefits are recognised in the 'Net Cost of Services' section of the Comprehensive Income & Expenditure Statement when those benefits are earned by employees, rather than when the benefits are actually paid as pensions. However, legislation requires that the pensions charge that falls for payment by Council Taxpayers is equal to the amounts payable for the year of account. Consequently adjustments are made in the Movement in Reserves Statement (Adjustments between accounting basis and funding basis under statutory provisions) to ensure that the notional cost of retirement benefits is reversed out of the accounts and replaced with the amounts paid.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Pension Scheme Transactions - Comprehensive Income & Expenditure Statement						
Cost of Services:						
Current Service Costs	21,462	0	21,462	18,066	0	18,066
Past Service Costs and Curtailments	1,524	0	1,524	270	0	270
Administration Expenses	228	0	228	222	0	222
Total Service Cost:	23,214	0	23,214	18,558	0	18,558
Financing and Investment Income and Expenditure:						
Interest on plan assets	(9,079)	0	(9,079)	(9,664)	0	(9,664)
Interest on defined benefit liabilities	16,138	884	17,022	16,133	937	17,070
Net Interest:	7,059	884	7,943	6,469	937	7,406
Total Charged to the Surplus/Deficit on Provision of Services:	30,273	884	31,157	25,027	937	25,964
Remeasurement of the Net Defined Liability, comprising:						
Return on plan assets (excluding amounts included in Net Interest)	46,037	0	46,037	(11,308)	0	(11,308)
Actuarial (Gains)/Losses arising from changes in demographic assumptions	(26,026)	(1,850)	(27,876)	0	0	0
Actuarial (Gains)/Losses arising from changes in financial assumptions	(57,195)	(2,035)	(59,230)	51,354	1,447	52,801
Experience (Gains)/Losses on defined benefit liabilities	(34,634)	(365)	(34,999)	44	346	390
Total remeasurements recognised in Other Comprehensive Income & Expenditure:	(71,818)	(4,250)	(76,068)	40,090	1,793	41,883
Total Charged to the Comprehensive Income & Expenditure Statement:	(41,545)	(3,366)	(44,911)	65,117	2,730	67,847

At 31 March 2020, £0.982m remained payable to the LGPS relating to contributions arising in the March payroll (31 March 2019: £0.927m). This amount has been excluded from the Pensions Asset in the Balance Sheet.

The following transactions have been made in the Movement in Reserves Statement during the year:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Pension Scheme Transactions - Movement in Reserves Statement						
Reversal of net charges for post employment benefits included in <i>'Total Charged to the Surplus/Deficit on Provision of Services'</i>	(30,273)	(884)	(31,157)	(25,027)	(937)	(25,964)
Actual Amount Charged Against Council Tax for Pensions in year:						
Employers' Contributions Payable to Scheme	11,983	0	11,983	11,610	0	11,610
Retirement Benefits Payable to Pensioners	0	1,943	1,943	0	1,898	1,898
Total amounts charged against Council Tax:	11,983	1,943	13,926	11,610	1,898	13,508
Net adjustment between accounting basis and funding basis for pension transactions:	(18,290)	1,059	(17,231)	(13,417)	961	(12,456)

Assets and Liabilities in Relation to Post-Employment Benefits

Transactions in respect of the fair value of pension scheme assets are as follows:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Reconciliation of the Movements in Fair Value of Scheme Assets						
Balance at 1 April:	378,786	0	378,786	359,245	0	359,245
Employer Contributions	11,881	1,943	13,824	11,555	1,898	13,453
Member Contributions	2,879	0	2,879	2,831	0	2,831
Benefits Paid	(16,870)	(1,943)	(18,813)	(15,817)	(1,898)	(17,715)
Interest on Plan Assets	9,079	0	9,079	9,664	0	9,664
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	(46,037)	0	(46,037)	11,308	0	11,308
Balance at 31 March:	339,718	0	339,718	378,786	0	378,786

Transactions in respect of the present value of pension scheme liabilities are as follows:

Reconciliation of the Movements in Present Value of Scheme Liabilities	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Balance at 1 April:	(666,977)	(37,802)	(704,779)	(593,874)	(36,970)	(630,844)
Current Service Cost	(21,462)	0	(21,462)	(18,066)	0	(18,066)
Past Service Cost and Curtailments	(1,524)	0	(1,524)	(270)	0	(270)
Administration Expenses	(228)	0	(228)	(222)	0	(222)
Interest Cost	(16,138)	(884)	(17,022)	(16,133)	(937)	(17,070)
Member Contributions	(2,879)	0	(2,879)	(2,831)	0	(2,831)
Benefits Paid	16,870	1,943	18,813	15,817	1,898	17,715
Remeasurement Gains/(Losses):						
Experience Gains/(Losses)	34,634	365	34,999	(44)	(346)	(390)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	26,026	1,850	27,876	0	0	0
Actuarial Gains/(Losses) arising from changes in financial assumptions	57,195	2,035	59,230	(51,354)	(1,447)	(52,801)
Balance at 31 March:	(574,483)	(32,493)	(606,976)	(666,977)	(37,802)	(704,779)

The net liability arising from defined benefit scheme obligations can be analysed as follows:

Pension Assets & Liabilities Recognised in the Balance Sheet	31 March 2020			31 March 2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Fair Value of Scheme Assets	339,718	0	339,718	378,786	0	378,786
Present Value of Scheme Liabilities	(574,483)	(32,493)	(606,976)	(666,977)	(37,802)	(704,779)
Net Liability:	(234,765)	(32,493)	(267,258)	(288,191)	(37,802)	(325,993)

There are no assets to cover the discretionary benefits awarded to Teachers (Unfunded Teachers' Discretionary Pensions).

Assets held by the Local Government Pension Scheme can be categorised as follows:

Local Government Pension Scheme Asset Categorisation	31 March 2020				31 March 2019			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total		Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
Quoted Equity Securities:	50,248	0	50,248	14.79	55,945	0	55,945	14.77
Investment Funds and Unit Trusts:								
Equities	0	196,255	196,255	57.76	0	216,245	216,245	57.09
Bonds	0	56,998	56,998	16.78	0	65,812	65,812	17.37
Other	0	24,682	24,682	7.27	0	28,703	28,703	7.58
Real Estate: UK Property Funds	0	8,550	8,550	2.52	0	10,243	10,243	2.70
Cash and Cash Equivalents:	0	2,985	2,985	0.88	0	1,838	1,838	0.49
Total:	50,248	289,470	339,718	100.00	55,945	322,841	378,786	100.00

The Authority holds no investments in the Greater Gwent (Torfaen) Pension Scheme and does not occupy or otherwise utilise assets held by the Scheme.

Sensitivity Analysis

The impact of changes in the key actuarial assumptions has been calculated as follows:

Sensitivity Analysis: Impact of Change in Assumptions	31 March 2020		31 March 2019	
	Increase in Employer Liabilities		Increase in Employer Liabilities	
	£000	%	£000	%
0.5% decrease in Real Discount Rate	57,616	9.49	73,233	10.39
0.5% increase in the Salary Increase Rate	7,266	1.20	12,315	1.75
0.5% increase in the Pension Increase Rate	49,751	8.20	59,550	8.45
1 year increase in Member Life Expectancy	18,209	3.00	21,143	3.00

The impact of these changes on assets and liabilities at year end would be as follows:

Sensitivity Analysis	31 March 2020					31 March 2019				
		Discount	Salary	Pension	Life		Discount	Salary	Pension	Life
	Base	Rate:	Increase:	Increase:	Expectancy:	Base	Rate:	Increase:	Increase:	Expectancy:
	£000	-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year	£000	-0.5% p.a.	+0.5% p.a.	+0.5% p.a.	+1 Year
Liabilities	(606,976)	(664,592)	(614,242)	(656,727)	(625,185)	(704,779)	(778,012)	(717,094)	(764,329)	(725,922)
Assets	339,718	339,718	339,718	339,718	339,718	378,786	378,786	378,786	378,786	378,786
Net Deficit	(267,258)	(324,874)	(274,524)	(317,009)	(285,467)	(325,993)	(399,226)	(338,308)	(385,543)	(347,136)

The sensitivity analysis figures provided by the Actuary are approximate only. It has been assumed that there have been no changes in accounting policies, Scheme benefits, the age/sex/service profile of employees, levels of pay and contributions made. The Actuary has also indicated that the impact of an increase in member life expectancy would be in the range of 3-5%, subject to varying factors. These figures should not therefore be construed as providing accurate outturn figures for future accounting periods.

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 financial and demographic assumptions. Hymans Robertson LLP are the appointed actuary for the Greater Gwent Local Government Pension Scheme, and have calculated attributable assets and liabilities (including those for Unfunded Teachers' Discretionary Pensions) using the following principal assumptions:

Principal Assumptions	31 March 2020	31 March 2019
Financial Assumptions:		
Rate of Increase in Salaries	2.2%	2.9%
Rate of Increase in Pensions	1.9%	2.5%
Discount Rate	2.3%	2.4%
Mortality Assumptions:		
Current Pensioners:	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%p.a.
Future Pensioners:	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%p.a.

Principal Assumptions (Continued)	31 March 2020	31 March 2019
Life Expectancy:		
Longevity of current pensioners aged 65:		
Males	20.6	21.5
Females	22.9	23.6
Longevity of future pensioners aged 65 in 20 years' time:		
Males	21.6	23.9
Females	24.6	26.1

The actuarial assumptions used in the calculation of year end Balance Sheet liabilities are based on the assumptions used in the last full valuation, other than those identified above. Liabilities for Teachers' Unfunded Discretionary Benefits are calculated on the same basis as the Local Government Scheme, except for those above.

The date of the last full actuarial valuation was 31 March 2019.

Impact on future cash flows

Entries are included in the Balance Sheet for this Authority's share of assets and liabilities of the Local Government Pension Scheme. Liabilities relating to Unfunded Teachers' Discretionary Pensions are also included. Disclosed liabilities show the underlying commitment that the Authority has in the long term to pay retirement benefits.

The scheme is financed by contributions paid by the employees, their employers and earnings from the investment of the Fund's money. The type of investment is decided by legislation and not by the local authorities. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013. Contributions are additionally made by Fund employers which are set by the Fund's triennial actuarial valuations. The last such formal valuation was at 31 March 2016.

In terms of funding via investment earnings, the Fund's assets are invested in accordance with its investment strategy, which is set out within the Fund's Funding Strategy Statement. Investment management policy, principles and arrangements are detailed within its Statement of Investment Principles.

To meet the requirements of the Regulations the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing basis including allowance for projected final pay. The funding objective as set out in the FSS (Funding Strategy Statement) is to achieve and maintain a funding level of 100% of liabilities (the Funding Target). In line with the FSS, where a shortfall exists at the effective date of the actuarial valuation (31 March 2016), a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. The maximum deficit recovery period has been set as 20 years.

The 2016 Actuarial Valuation reported the level of total fund assets compared to liabilities (the funding level) as 72% (2013 Valuation: 71%). As a result, employer contribution levels have been calculated for implementation from 1 April 2016 that will, subject to future revaluations, eliminate this deficit by 2036.

The Authority holds total usable reserves of £19.888m at 31 March 2019 (£19.513m at 31 March 2018). The effect of applying the net superannuation fund deficit of £325.993m to the Authority's usable reserves would be a deficit of £306.105m (2018/2019: the superannuation deficit of £271.599m exceeded usable reserves by £252.086m).

However, this deficit is dependent on a number of factors such as investment performance and retirement benefits payable. The long-term under-funding of the Local Government Scheme is currently being addressed over a number of years by staged increases to employer contributions. Consequently, the total liability would not arise in one financial year. The overall financial standing of the Superannuation Fund is regularly reviewed by Actuaries on behalf of the administering Authority (Torfaen CBC).

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2020 are estimated by the Fund Actuary as £10.457m.

In the event that a contributing fund member became unable to pay contributions or make good future deficits, the level of Pension Scheme assets would be lower than expected and this would have a negative impact on the Funding Level. At that time, the Administering Authority (Torfaen) would seek to recover any debt outstanding from the employer. This type of risk can be mitigated by the use of guarantees and/or covenants. However, if an employer defaults on payment and these sums cannot be recovered, the shortfall would then become the responsibility of any guarantor or all other employers in the Fund. This could increase the level of employer contribution rates required to recover the overall Fund deficit.

Potential Liabilities Arising From The McCloud/Sargeant Ruling

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019.

LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

In the 2019/2020 accounts, the Fund actuary has included an increase in liabilities related to the McCloud judgement based on the Government Actuary's Department (GAD) estimates, adjusted where appropriate to better reflect the Greater Gwent (Torfaen) Pension Fund's local assumptions, particularly salary increases and withdrawal rates. This amounts to £1.227m and has been charged to the CIES as Past Service Cost.

However, in July 2020 a consultation was issued by the Ministry of Housing, Communities and Local Government (MHCLG) on the proposed remedy for the McCloud issue. This has provided a clearer indication of the benefit changes arising from the McCloud judgement, and significantly it limits its eligibility to members who were active at 31 March 2012. The increase in liabilities that has been included as past service costs in 2019/2020, assumed that this would apply to all members in the scheme and the Fund Actuary has advised that should the pension scheme be amended in line with the consultation proposals, this will reduce the allowance made within our 2019/2020 accounts 2019/20 by approximately half. As the estimated value of this adjustment is not considered to be material and is subject to confirmation by the conclusion of the consultation and subsequent amendment to the LGPS, the 2019/2020 accounts have not been amended.

Impact of Covid 19 on the Greater Gwent Pension Fund

The Greater Gwent Pension Fund, of which Blaenau Gwent County Borough Council is an admitted body, holds investments in Pooled Property Funds. The Pension Fund Annual Report and Accounts for 2019/2020 include the following statement on uncertainty around the valuation of pooled property funds:

Market activity is being impacted in many sectors by Covid-19. At the March 2020 reporting date, property fund managers consider that they can attach less weight to previous market evidence for comparison purposes. They are faced with an unprecedented set of circumstances on which to base a judgement. The fall in transactions and lack of clarity on pricing means that all major industry valuers have now added Material Uncertainty clauses to their property fund valuations.

Indicative net asset statements for property funds are subject to uncertainty at the reporting date and the £73.02m valuation for pooled property funds is less reliable than usual. The 1 year expected volatility of 14.2% could decrease the valuation to £62.6m or increase it to £83.4m.

The Local Government Pension Scheme pooled property assets attributable to Blaenau Gwent County Borough Council account for £9.121m, being 2.7% of total attributable assets. Given the reported level of volatility, these assets could be revalued between £7.826m and £10.417m.

Contingent Liabilities (see also note 32.3, page 87)

Aneurin Leisure Trust

On creation of Aneurin Leisure Trust in October 2014, pension assets and liabilities assessed on an actuarial basis were transferred from Blaenau Gwent CBC, such that the Trust's pension obligations were deemed to be fully funded. The funding deficit accruing to 30 September 2014 in respect of employees relocating to Aneurin Leisure Trust was not transferred, but was retained by Blaenau Gwent CBC. The Trust is therefore only responsible for any increase in liabilities (on an actuarial valuation basis) occurring after the transfer date, with the Authority acting as a guarantor for the previously accrued net deficit. In addition, the Authority agreed to act as guarantor of last resort in order that the Leisure Trust could enter the Greater Gwent (Torfaen) Pension Fund as an admitted body and has therefore agreed to underwrite any costs arising in the event that the admitted body defaults on any or all of its payments in relation to its pension obligations.

However, in the Statement of Accounts the transferred pension assets and liabilities have been accounted for in accordance with the requirements of IAS19 *Employee Benefits*, the assumptions for which differ from those used in the actuarial valuation approach on which the funding position at inception of the Trust was based. Consequently, those elements of the settlement figures disclosed in 2014/2015 that related to Aneurin Leisure Trust did not reflect a fully funded position, but indicated the transfer of a net liability of up to £2.7m. Nevertheless, the Authority is still liable for the sums relating to the accrued net deficit on transfer and these amounts will be properly reflected in its accounts over time as they fall due in compliance with IAS19.

Guaranteed Minimum Pension (GMP) Equalisation/Indexation

In 2018, the High Court ruled that UK defined benefit pension schemes must compensate members for differences attributable to Guaranteed Minimum Pensions (GMPs) (*Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC and Others*). Guaranteed Minimum Pension represents the minimum pension an occupational pension scheme must provide a scheme member as an alternative to the State Earnings Related Pension Scheme (SERPS). GMP accrued in the LGPS between 6 April 1978 and 5 April 1997. Responsibility for paying annual pension increases on different tranches of benefit is divided between the LGPS fund and the State (via the State Pension), depending on when the member was in employment and when they reached State Pension Age (SPA). The Government implemented an 'interim' solution for members reaching SPA between 6 April 2016 and 5 December 2018, which involved the LGPS fund paying for everything i.e. both initial pension and all increases. Following consultation, this arrangement was extended to 5 April 2021, with a stated preferred long term option of converting GMP to scheme benefit (subject to further consultation).

The Government's preferred long-term solution will lead to an increase in pension fund liabilities as a result of the scheme paying full GMP increases for all members with a SPA after 2016. Effectively this passes the cost from the State to LGPS funds (and therefore employers). There has been no indication of additional funding to cover this extra cost.

It is expected that this increase in liabilities will be accounted for as a 'past service cost'. Further to discussions between pension fund actuaries and the National Audit Office, it has been assumed that a 'trigger event' is yet to occur in the LGPS and therefore the default approach has been to ignore any GMP impact in the 2019/2020 accounts.

38. Reserves

38.1 Usable Reserves

Fund balances and usable reserves are held by the Authority for the following purposes:

Fund Balances:

Council Fund General Reserve	The cumulative amount available to meet the future costs of Council services.
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Usable Earmarked Revenue Reserves:

Budget Contingency Fund / Invest to Save	To provide initial assistance in meeting new and emerging budget pressures and to establish an invest to save fund to provide one-off funding for initiatives that will generate financial and efficiency savings in the medium to long term.
Budget Implementation	To provide the investment required to deliver business transformation projects.
Building Control Fees	To hold surpluses generated for future re-investment to improve the quality and performance of the Building Control Service.
Cardiff Capital Region City Deal (CCRC)	The Authority's apportioned share of surpluses or deficits arising on the Cardiff Capital Region City Deal joint arrangement.
Corporate Services Portfolio	To provide for a variety of specific costs falling to the Corporate Services Portfolio, including: Additional future costs of elections; supply of training/ skills to Business Support Staff; funding the Digital Inclusion project; implementation of payroll system functionality; holding deposits & bonds; meeting taxation liabilities and to fund the Authority's contribution to the Citizens Advice Bureau.
Downsizing, Redundancy & Transitional Costs	To fund specific identified salary, pension strain and redundancy costs arising from the Authority's service transformation and downsizing projects, on a short-term (transitional) basis.
Economy Portfolio	To provide for a variety of specific costs falling to the Economy Portfolio, including: Utilisation of income generated from town centre commercial bookings; review of the Authority's asset management systems and maintenance of retaining walls across the County Borough.
Education Portfolio	To provide for costs falling within the Education Portfolio, including: the provision of home to school transport for pupils and licenses and supply cover across the region in relation to Person Centred Practice.
Environment Portfolio	To provide for a variety of specific costs falling to the Environment Portfolio including: maintaining a stable transport oncost rate; future costs associated with preparing assets for community asset transfer; future planned repairs and maintenance of Aneurin Leisure Trust buildings; and specialist legal and financial advice in relation to Silent Valley.
Future Interest Rate	To provide protection against cost pressures arising from forecast rises in interest rates on the replacement of maturing debt and new borrowings to fund capital expenditure.
ICT	To meet the anticipated increase in capacity required for ICT in relation to staffing resources, licenses, equipment and training required to future-proof the service.
ICT for Elected Members	To enable elected members to access information & communication technology.
Implementation Delay Reserve	To fund any budget shortfalls arising from a delay in implementation of savings projects.
Individual Schools Budget (ISB)	To fund cost pressures relating to school expenditure including insurance and school reorganisation.
Infrastructure Portfolio	To provide for a variety of specific costs falling to the Infrastructure Portfolio including: costs associated with clearing the highways network in adverse winter weather.

Usable Earmarked Revenue Reserves (Continued):

Insurance Liabilities	To protect against liabilities incurred but not settled. Such liabilities include insurance claims where an excess remains to be borne by the Authority and claims where no insurance cover exists.
Land & Property Charges (Social Services)	To mitigate the impact of establishing Land & Property charge debtors for adult residential care, the actual income for which will not be received until indeterminate points in the future.
Leisure Termination Costs	To provide financial support for early termination costs to Aneurin Leisure Trust (ALT) to allow the organisation to downsize and deliver efficiency savings for 2019/2020.
LMS Balances	The aggregate amount of balances held by individual schools.
Local / Strategic Development Plan	To fund the review of the Local Development Plan.
Members Local Grants	To hold unallocated grant monies prior to distribution by Members.
Prudential Borrowing	To fund prudential borrowing costs related to highways infrastructure assets, with the aim of reducing future highways related insurance claims.
Revenue Grants & Contributions Unapplied	To hold earmarked sums relating to a range of revenue grants and contributions received for which no accounting liability exists (i.e. do not have to be repaid), until applied to match specific service expenditure.
Social Services Portfolio	To provide for a variety of specific costs falling to the Social Services Portfolio including: funding for building improvements at Beaufort Road and a Community Connector post.
Specialist Commercial Advice (Aneurin Leisure Trust Review)	To consider the current and future options for the provision and delivery of Leisure Services and to commission external consultants to support key elements of the review including legal, VAT and commercial elements.
Strategic Business Reviews	To fund external support to strategic business reviews over a two year period.
Superannuation	To fund specific liabilities arising in respect of the Greater Gwent (Torfaen) Pension Fund falling outside of the normal contributions made by the Authority, including potential costs arising from guarantees provided to allow admission of entities to the Fund (e.g. Aneurin Leisure Trust).
Technology Park Feasibility Study	To examine the feasibility of establishing a High Tech Business Park and Test Facility focussed on the automotive and wider mobility/low carbon economic sectors. The study will provide information for a subsequent business plan to develop the project.
Waste Services	To fund any potential financial penalties arising from a failure to meet the statutory recycling recovery target in 2019/2020 and future years.

Usable Reserves Earmarked for Capital Purposes:

Deminimis Capital Works	Receipts from minor land-related transactions to be utilised to fund associated land disposal fees that cannot be capitalised or off-set by regulation.
Facilities	To fund renovations in relation to the schools programme of works and other buildings.
Energy Centre	Provision for future repairs and maintenance of equipment in the Energy Centre.
IT Infrastructure	To fund capital expenditure in relation to the upgrade of IT infrastructure to support workplace transformation.
Land at Blaenant Road	To fund any potential liabilities associated with Land at Blaenant Road.
WRAP Regional Vehicles	To fund the future replacement of Regional Vehicles.

Capital Accounting Reserves:

Capital Grants Unapplied	Representing the balance of capital grants received (or receivable) for which grant conditions have been met but which have yet to be applied to match relevant capital expenditure.
Usable Capital Receipts	The proceeds of fixed asset sales available to meet future capital investment.

Movements on fund balances and reserves were as follows:

	Balance at 1 April 2018 £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Fund Balances £000	Transfers from Fund Balances £000	Balance at 31 March 2020 £000
Fund Balances								
Council Fund	(5,500)	(394)	0	(5,894)	0	(453)	0	(6,347)
Total: Fund Balances	(5,500)	(394)	0	(5,894)	0	(453)	0	(6,347)

	Balance at 1 April 2018 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000
Usable Earmarked Revenue Reserves								
Budget Contingency Fund / Invest to Save	(553)	(260)	742	(71)	0	0	7	(64)
Budget Implementation	(86)	0	86	0	0	0	0	0
Building Control Fees	(154)	(41)	112	(83)	0	(18)	14	(87)
Cardiff Capital Region City Deal	(73)	(114)	0	(187)	0	(107)	0	(294)
Corporate Services Portfolio	(135)	(191)	53	(273)	0	(53)	49	(277)
Downsizing, Redundancy & Transitional Costs	(119)	(341)	243	(217)	0	(171)	187	(201)
Economy Portfolio	(72)	0	59	(13)	0	0	0	(13)
Education Portfolio	(71)	0	63	(8)	0	0	8	0
Environment Portfolio	(126)	(25)	85	(66)	0	(28)	42	(52)
Future Interest Rate	0	(106)	0	(106)	0	0	106	0
I.C.T	(231)	(41)	0	(272)	0	(55)	102	(225)
Individual Schools Budget (ISB)	(197)	0	11	(186)	0	0	159	(27)
Infrastructure Portfolio	(46)	(200)	46	(200)	0	0	0	(200)
Insurance Liabilities	(352)	(770)	200	(922)	0	(956)	0	(1,878)
Land & Property Charges (Social Services)	(94)	(65)	60	(99)	0	(29)	0	(128)
Leisure Termination Costs	0	(200)	35	(165)	0	0	165	0
LMS Balances	(247)	(1,008)	245	(1,010)	0	(384)	197	(1,197)
Local / Strategic Development Plan	(125)	(67)	0	(192)	0	0	43	(149)
Members Local Grants	(37)	0	3	(34)	0	(7)	0	(41)
Prudential Borrowing	(200)	(200)	200	(200)	0	0	200	0
Revenue Grants & Contributions Unapplied	(1,150)	(233)	461	(922)	0	(643)	285	(1,280)
Social Services Portfolio	(32)	0	32	0	0	0	0	0
Specialist Commercial Advice (ALT Review)	0	(110)	45	(65)	0	0	45	(20)
Strategic Business Reviews	0	(250)	0	(250)	0	0	57	(193)
Superannuation	(501)	(75)	75	(501)	0	0	0	(501)
Technology Park Feasibility Study	0	(80)	0	(80)	0	(200)	80	(200)
Waste Services	(194)	0	74	(120)	0	0	0	(120)
Total: Usable Earmarked Revenue Reserves	(4,795)	(4,377)	2,930	(6,242)	0	(2,651)	1,746	(7,147)

	Balance at 1 April 2018 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000
Usable Revenue Reserves Earmarked for Capital Purposes								
Deminimis Capital Works	(73)	(38)	23	(88)	0	(42)	53	(77)
Facilities	(42)	(80)	0	(122)	0	0	0	(122)
Energy Centre	(50)	(6)	0	(56)	0	(3)	0	(59)
Industrial Units	0	0	0	0	0	(50)	0	(50)
IT Infrastructure	(151)	(10)	26	(135)	0	0	4	(131)
Land at Blaenant Road	0	(136)	0	(136)	0	0	136	0
WRAP Regional Vehicles	0	(52)	0	(52)	0	(71)	0	(123)
Total: Usable Reserves Earmarked for Capital Purposes	(316)	(322)	49	(589)	0	(166)	193	(562)

	Balance at 1 April 2018 £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Reserves £000	Transfers from Reserves £000	Balance at 31 March 2020 £000
Usable Capital Reserves								
Capital Grants Unapplied	(668)	(3,001)	3,010	(659)	0	(846)	956	(549)
Usable Capital Receipts	(8,326)	(546)	2,368	(6,504)	0	(655)	359	(6,800)
Total: Usable Capital Reserves	(8,994)	(3,547)	5,378	(7,163)	0	(1,501)	1,315	(7,349)

	Balance at 1 April 2018 £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2019 £000	Adjustments £000	Transfers to Funds & Reserves £000	Transfers from Funds & Reserves £000	Balance at 31 March 2020 £000
Summary: Usable Reserves								
Fund Balances	(5,500)	(394)	0	(5,894)	0	(453)	0	(6,347)
Earmarked Revenue Reserves	(4,795)	(4,377)	2,930	(6,242)	0	(2,651)	1,746	(7,147)
Revenue Reserves Earmarked for Capital Purposes	(316)	(322)	49	(589)	0	(166)	193	(562)
Capital Reserves	(8,994)	(3,547)	5,378	(7,163)	0	(1,501)	1,315	(7,349)
Total: Usable Reserves	(19,605)	(8,640)	8,357	(19,888)	0	(4,771)	3,254	(21,405)

38.2 Unusable Reserves

38.2.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2019/2020		2018/2019	
	£000	£000	£000	£000
Balance at 1 April		(85,324)		(88,068)
Adjustments to Opening Balance		0		(15)*
Revised Balance at 1 April		(85,324)		(88,083)
Reversal of items relating to capital expenditure debited or credited to the CIES:				
Charges for depreciation & impairment of non-current assets	13,102		11,155	
Revaluation losses on Property, Plant & Equipment	1,244		55	
Revenue expenditure funded from capital under statute	2,388		1,678	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	469		489	
Capital grants and contributions applied to capital financing	(10,055)		(3,919)	
Sub-Total: Capital Adjustment Transactions included in the Comprehensive Income & Expenditure Statement:		7,148		9,458
Items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment charged against the Council Fund	(689)		(620)	
Capital expenditure charged against the Council Fund	(293)		(44)	
		(982)		(664)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(299)		(2,312)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,824)		(3,010)	
		(3,123)		(5,322)
Sub-Total: Capital Adjustment Transactions included in the Movement in Reserves Statement:		3,043		3,472
Adjusting Amounts written out of the Revaluation Reserve:				
Charges for depreciation & impairment of non-current assets	(697)		(504)	
Non-current assets written off on disposal or sale as part of the gain/loss on disposal	(56)		(209)	
		(753)		(713)
Balance at 31 March		(83,034)		(85,324)

*: Reserve balances at 1 April 2018 were amended to reflect adjustments in the audited Cardiff Capital Region City Deal accounts for 2017/2018, increasing the Blaenau Gwent share of unusable reserves by £0.015m.

38.2.2 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

Revaluation Reserve	2019/2020		2018/2019	
	£000	£000	£000	£000
Balance at 1 April		(15,534)		(15,853)
Upward revaluation of assets	(5,508)		(636)	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,488		253	
Depreciation - write back revaluation reserve	(3,193)		(11)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(6,213)		(394)
Difference between fair value depreciation and historical cost depreciation	697		504	
Accumulated gains on assets sold or scrapped	56		209	
Amount written off to the Capital Adjustment Account		753		713
Balance at 31 March		(20,994)		(15,534)

The Reserve was created on 1 April 2007 and contains only revaluation gains accumulated since that date. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

38.2.3 Financial Instruments Adjustment Account

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

Financial Instruments Adjustment Account	2019/2020		2018/2019	
	£000	£000	£000	£000
Balance at 1 April		3,778		3,849
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(104)		(71)	
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(104)		(71)
Balance at 31 March		3,674		3,778

38.2.4 Deferred Capital Receipts Reserve

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

Deferred Capital Receipts Reserve	2019/2020 £000	2018/2019 £000
Balance at 1 April	(4,223)	(4,356)
Transfer to the Capital Receipts Reserve upon receipt of cash	1,229	133
Balance at 31 March	(2,994)	(4,223)

38.2.5 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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2019/2020 £000	2018/2019 £000
Balance at 1 April	324,980	270,641
Remeasurement of pensions assets & liabilities	(76,068)	41,883
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income & Expenditure Statement	31,157	25,964
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,926)	(13,508)
Balance at 31 March	266,143	324,980

38.2.6 Unequal Pay Back Pay Account

The Unequal Pay Back Pay Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability under statutory provisions to defer the impact on the Council Fund Balance until such time as cash might be paid out to claimants. There were no transactions in this account during 2019/2020 (2018/2019: £0) and the balance on the account remains at £0.146m.

38.2.7 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council 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 Council Fund Balance is neutralised by transfers to or from this Account. In 2019/2020, £1.432m of accruals for the preceding year were settled or cancelled and £1.730m was accrued at 31 March 2020 (2018/2019: £1.708m of accruals for the preceding year were settled or cancelled and £1.432m was accrued at year end).

38.2.8 Summary of Unusable Reserves

The Authority holds the following reserve balances that are classed as unusable:

Unusable Reserves	01 April 2018 £000	Net transfers (to)/ from Reserves £000	31 March 2019 £000	Adjustments £000	Net transfers (to)/ from Reserves £000	31 March 2020 £000
Capital Adjustment Account	(88,083)	2,759	(85,324)	0	2,290	(83,034)
Revaluation Reserve	(15,853)	319	(15,534)	0	(5,460)	(20,994)
Financial Instruments Adjustment Account	3,849	(71)	3,778	0	(104)	3,674
Deferred Capital Receipts Reserve	(4,356)	133	(4,223)	0	1,229	(2,994)
Pensions Reserve	270,641	54,339	324,980	0	(58,837)	266,143
Unequal Pay Back Pay Account	146	0	146	0	0	146
Accumulated Absences Account	1,708	(276)	1,432	0	298	1,730
Total Unusable Reserves:	168,052	57,203	225,255	0	(60,584)	164,671

Cash Flow Notes

39. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows from Operating Activities

The following tables provide details of the adjustments made between the deficit on provision of services to arrive at a figure for operating activities cashflows.

39.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2019/2020		2018/2019	
	£000	£000	£000	£000
Depreciation & Impairment	14,346		11,210	
REFCUS (deferred charges)	2,388		1,678	
Effective interest adjustment	44		42	
Net IAS19 charges made for Retirement Benefits	31,157		25,964	
IAS19 Employers Contributions Paid to Pension Fund	(13,926)		(13,508)	
		34,009		25,386
Increase/(Decrease) in Provisions		(593)		(2,100)
(Increase)/Decrease in Inventories		65		258
(Increase)/Decrease in Revenue Debtors		(5,945)		107
Increase/(Decrease) in Revenue Creditors		2,665		(19)
Total		30,201		23,632

39.2 Investing or Financing Activities Included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2019/2020	2018/2019
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(126)	76
Capital Grants credited to CIES	(12,770)	(6,920)
Total	(12,896)	(6,844)

40. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments**40.1 Investing Activities**

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2019/2020			2018/2019		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(14,869)			(13,510)		
		(14,869)			(13,510)	
Cash Inflows						
Sale of Non-Current Assets	595			413		
Other Receipts from Investing Activities	10,677			6,150		
		11,272			6,563	
Total			(3,597)			(6,947)

40.2 Financing Activities

The cash flows for financing activities consist of the following:

Cash Flow - Financing Activities	2019/2020			2018/2019		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Repayments of Amounts Borrowed	(134,770)			(129,027)		
Capital Element of Finance Lease Rental Payments	(154)			(154)		
		(134,924)			(129,181)	
Cash Inflows						
New Loans Raised	13,845			8,448		
New Short-Term Loans	122,550			129,500		
Long-Term Investments Repaid	0			0		
		136,395			137,948	
Total			1,471			8,767

40.3 Financing Activities

Movement in liabilities arising from financing activities are as follows:

Cash Flow - Liabilities arising from Financing Activities	2019/2020			2018/2019		
	£000	£000	£000	£000	£000	£000
Opening Liabilities arising from Financing Activities			152,247			145,625
Cash inflows relating to borrowing and investments	136,395			135,687		
Repayments of Amounts Borrowed	(134,770)			(129,027)		
Capital Element of Finance Lease Rental Payments	(154)			(154)		
Net Cash Flows from Financing Activities		1,471		6,506		
Adjustments for Non-Cash and Other Financing Activities						
Effective Interest Adjustment	44			40		
Finance Lease Additions	5			105		
City Deal Loan Repayment	0			79		
Former Gwent County Council Debt	0			(108)		
		49		116		
Closing Liabilities arising from Financing Activities			153,767			152,247

41. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following:

Cash and Cash Equivalents	2019/2020	2018/2019
	£000	£000
Cash Held by the Authority	53	47
Bank Accounts	5,520	4,527
Short Term Investments	0	6,000
Total Cash & Cash Equivalents	5,573	10,574

Other Notes

42. Joint Arrangements - Cardiff Capital Region City Deal (CCRCD)

On 1 March 2017, the Cardiff Capital Region City Deal between the UK Government, the Welsh Government and the 10 constituent Councils in South East Wales, including Blaenau Gwent, was formally ratified. The City Deal offers the opportunity to deliver an investment package of £1.2 billion into the City Region economy between now and 2036. Whilst much of this is already earmarked for certain activities, particularly investment in the South East Wales Metro, there are funds available as part of the £1.2 billion to leverage wider economic benefits. The City Deal has a number of key targets. Notably, these include the creation of 25,000 new jobs by 2036, leveraging £4 billion of private sector investment and securing economic growth.

In the final quarter of 2017/2018, all ten Councils agreed the Joint Working Agreement Business Plan, which provides detail on the key themes or workstreams for future investment activity. In addition, the re-scheduling of finance was agreed for the first significant investment (the Compound Semi-Conductor project).

The CCRCD Investment Fund comprises two distinct elements:-

- The METRO scheme of £734 million. This will comprise £503m Welsh Government funding provided over the first seven years of the Investment Fund, from 2016/2017 to 2022/2023; £106 million from the European Development Fund, (which is committed and guaranteed following Brexit by both UK and Welsh Government); and £125m from UK Government. This element will be the direct responsibility of Welsh Government.
- The Investment Fund of £495m - comprising the ten Local Authorities' commitment to borrow £120 million over the 20 year period of the Fund, together with £375m from UK Government, for investment in infrastructure, housing, skills and training, innovation, business growth and "Metro plus" transport proposals. This element will be the responsibility of the CCRCD Regional Cabinet. Based on the agreed proportion of total population for the City Deal area, Blaenau Gwent's share of the financial contributions is 4.6%.

The CCRCD Joint Working Agreement Business Plan provides indicative Wider investment Fund expenditure totalling £495m over a 20 year period, with profiled expenditure between 2018/2019 to 2020/2021 (prior to the Gateway Review) of £65.7m. This profile is based on currently approved projects and assumptions around potential future revenue and capital projects and is subject to amendment as business plans are approved and funding applied.

Of the £120m Local Authority funding commitment to the Wider Investment Fund, Blaenau Gwent's share is £5.544m. This will be paid by the Authority over a period of up to 20 years, subject to the requirement to fund schemes as and when they are approved. Prior to the Gateway Review in 2021, Blaenau Gwent's estimated capital contributions are £1.285m, and this amount has been included in the Capital Programme. Over that same period, estimated revenue costs falling to the Authority total £0.139m.

The Authority's share of assets, liabilities, reserves, income, expenditure and cashflows relating to the Cardiff Capital Region City Deal Group have been included as a joint arrangement in the single entity accounting statements and disclosures. Summary accounting statements for the CCRCD Group are as follows:

42.1 CCRCD - Summary Group Comprehensive Income & Expenditure Statement

Summary CCRCD Group Comprehensive Income & Expenditure Statement	2019/2020		2018/2019	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Cost of Services				
Operating Expenditure	2,440	113	1,340	62
Operating Income	(5,017)	(232)	(4,251)	(197)
Net Cost of Services	(2,577)	(119)	(2,911)	(135)
Financing and Investment Income & Expenditure	(283)	(13)	(113)	(5)
Taxation & Non-Specific Grant Income	0	0	(12,308)	(568)
Tax Expenses	543	25	551	25
(Surplus)/Deficit on Provision of Services	(2,317)	(107)	(14,781)	(683)

42.2 Cardiff Capital Region City Deal - Summary Group Movement in Reserves Statement

Summary CCRCD Group Movement in Reserves Statement	CCRCD Group			Blaenau Gwent Apportionment		
	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000	Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2018	410	(24,207)	(23,797)	19	(1,118)	(1,099)
Adjustment to Opening Balance	(1,958)	(333)	(2,291)	(91)	(16)	(107)
Revised Balance at 1 April 2018	(1,548)	(24,540)	(26,088)	(72)	(1,134)	(1,206)
(Surplus)/Deficit on Provision of Services	(14,781)	0	(14,781)	(683)	0	(683)
Adjustments between accounting basis & funding basis	12,308	(12,308)	0	569	(569)	0
Transfers to/(from) earmarked reserves	(46)	0	(46)	(2)	0	(2)
Net(Increase)/Decrease	(2,519)	(12,308)	(14,827)	(116)	(569)	(685)
Balance at 31 March 2019	(4,067)	(36,848)	(40,915)	(188)	(1,703)	(1,891)
Balance at 1 April 2019	(4,067)	(36,848)	(40,915)	(188)	(1,703)	(1,891)
Adjustment to Opening Balance	4	330	334	0	16	16
Revised Balance at 1 April 2019	(4,063)	(36,518)	(40,581)	(188)	(1,687)	(1,875)
(Surplus)/Deficit on Provision of Services	(2,317)	0	(2,317)	(107)	0	(107)
Adjustments between accounting basis & funding basis	0	0	0	0	0	0
Transfers to/(from) earmarked reserves	0	0	0	0	0	0
Net(Increase)/Decrease	(2,317)	0	(2,317)	(107)	0	(107)
Balance at 31 March 2020	(6,380)	(36,518)	(42,898)	(295)	(1,687)	(1,982)

42.3 Cardiff Capital Region City Deal - Summary Group Balance Sheet

Summary CCRCD Group Balance Sheet	2019/2020		2018/2019	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Non-Current Assets	36,443	1,684	35,224	1,627
Current Assets	55,006	2,541	38,742	1,790
Current Liabilities	(2,600)	(120)	(2,041)	(94)
Non-Current Liabilities	(45,951)	(2,123)	(31,010)	(1,432)
Total Net Assets	42,898	1,982	40,915	1,891
Usable Reserve	(6,380)	(295)	(4,067)	(188)
Unusable Reserve	(36,518)	(1,687)	(36,848)	(1,703)
Total Reserves	(42,898)	(1,982)	(40,915)	(1,891)

42.4 Cardiff Capital Region City Deal - Summary Group Cash Flow Statement

Summary CCRCD Group Cash Flow Statement	2019/2020		2018/2019	
	CCRCD Group £000	Blaenau Gwent Apportionment £000	CCRCD Group £000	Blaenau Gwent Apportionment £000
Net Surplus/(Deficit) on the provision of services	(2,317)	(107)	(14,781)	(683)
Adjustments to the provision of Services for non-cash movements	3,294	152	14,109	651
Net Cash Inflows/(Outflows) from Operating Activities	977	45	(672)	(32)
Investing Activities	(227)	(10)	14,836	685
Financing Activities	(15,000)	(693)	(22,308)	(1,030)
Net increase or (decrease) in cash and cash equivalents	(14,250)	(658)	(8,144)	(377)
Cash and Cash equivalents at the beginning of the reporting period	(33,349)	(1,541)	(24,942)	(1,152)
Adjustment to Cash and Cash equivalents opening balance	0	0	(263)	(12)
Cash and cash equivalents at the end of the reporting period	(47,599)	(2,199)	(33,349)	(1,541)

43. Joint Arrangements - Other

The Authority participates in a number of joint arrangements as a means of delivering services in a more efficient and cost-effective manner. In assessing the joint arrangements in which Blaenau Gwent participates, it has been concluded in each case that no separate legal entity exists and that the Authority does not have control (as defined by the Accounting Code and IFRS10). Consequently, the accounts of these arrangements have not been consolidated in the group accounting statements. In each case, the relevant service line of the Comprehensive Income and Expenditure Account reflects the following transactions occurring between the Authority and the joint arrangement:

Joint Arrangements	2019/2020			2018/2019		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
Greater Gwent Cremation Joint Committee	0	(134)	(134)	0	(378)	(378)
Gwent Joint Records Committee	143	0	143	143	0	143
Gwent Transport Unit	1,117	0	1,117	1,162	0	1,162
South East Wales Strategic Planning Group	1	0	1	1	0	1
Total	1,261	(134)	1,127	1,306	(378)	928

43.1 Greater Gwent Cremation Joint Committee (GGCJC)

The Cremation Joint Committee provides cremation services to the residents of the Greater Gwent area through a facility based at Croesyceiliog, Cwmbran. Further details of the arrangement can be obtained from the lead Authority for the joint committee, Newport City Council. In 2018/2019, the Cremation Joint Committee agreed to return £1.4m of accumulated surpluses to constituent authorities. Blaenau Gwent's portion of this surplus amounted to £0.246m.

43.2 Gwent Joint Records Committee (GJRC)

The Gwent Record Office provides the statutory archive service for 5 Local Authorities in the Greater Gwent area. It was founded as the Monmouthshire Record Office in 1938 and moved to Cwmbran in the 1970s. In 2010 a new Gwent Archives Joint Agreement was signed providing for the joint service for the next quarter century and for the construction of a new facility at the General Offices site in Ebbw Vale. This facility opened to the public in October 2011. Further details of the joint arrangement can be obtained from the lead Authority, Torfaen CBC.

43.3 Gwent Transport Unit (GTU)

The GTU is responsible for passenger transport co-ordination in Blaenau Gwent and Torfaen. The principal activities are procurement and monitoring of local bus services; provision of timetables, transport guides and leaflets; and administration of the concessionary fares scheme. Blaenau Gwent CBC was the lead Authority for the GTU, with responsibility transferring to Torfaen CBC on 1 May 2016.

The majority of transactions administered by the unit are associated with concessionary fares, bus subsidies, local transport services grant and 'section 106', the costs of which are allocated based on direct spend relative to the use of each service within the relevant local authority area. Administration costs of the joint arrangement are apportioned between the two Authorities, with Blaenau Gwent being charged 49.54% of these costs. The share of balances apportioned to Blaenau Gwent CBC for the GTU is also 49.54%.

43.4 South East Wales Strategic Planning Group (SEWSPG)

The South East Wales Strategic Planning Group (SEWSPG) produces regional planning guidance for South East Wales in partnership with 10 other local planning authorities in the region, and the Brecon Beacons National Park Authority.

The financial arrangements for the group are provided by the participating authorities on a rota basis - for 2019/2020, Blaenau Gwent was the host Authority, overseeing the following transactions:

South East Wales Strategic Planning Group	2019/2020 £000	2018/2019 £000
Balance at 1 April	(42)	(41)
Balance transferred to Blaenau Gwent	0	0
Receipts (Member Subscriptions)	(5)	(5)
Payments	10	4
Balance at 31 March	(37)	(42)

44. Charitable Trusts

The Authority acts as trustee for the following charitable trusts:

- Bedwellty House and Park
- Cwm, Ebbw Vale and Tredegar Recreation Grounds.

Bedwellty Park is a 26 acre historic park and landscape. It has 6 listed structures within its grounds including a Grade II listed ironmaster's dwelling. The site has been the subject of a £5 million restoration project and is now a public open access space available for events such as weddings, art exhibitions and displays.

Cwm, Ebbw Vale and Tredegar recreation grounds are open access outdoor spaces used for sporting activities such as rugby, football, cricket and walking.

The summarised transactions for these charitable trusts are as follows:

Summary Statement of Financial Activities	2019/2020					2018/2019				
	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000	Bedwellty House & Park £000	Cwm Recreation Ground £000	Ebbw Vale Recreation Ground £000	Tredegar Recreation Ground £000	Total £000
Income										
Donations & Legacies	(104)	(7)	(41)	(15)	(167)	(104)	(7)	(47)	(13)	(171)
Other	0	0	(2)	0	(2)	0	0	(2)	0	(2)
Total Income	(104)	(7)	(43)	(15)	(169)	(104)	(7)	(49)	(13)	(173)
Expenditure										
Charitable Activities	117	7	43	15	182	117	7	49	13	186
Other	104	0	0	0	104	104	0	0	0	104
Total Resources Expended	221	7	43	15	286	221	7	49	13	290
Net Expenditure	117	0	0	0	117	117	0	0	0	117
Transfers between funds	(117)	0	0	0	(117)	(117)	0	0	0	(117)
Net Movement in Funds	0	0	0	0	0	0	0	0	0	0

Property, Plant and Equipment assets held by the charitable trusts are as follows:

Charitable Trusts - Property, Plant & Equipment	2019/2020			2018/2019		
	Gross Book Value	Accumulated Depreciation	Net Book Value	Gross Book Value	Accumulated Depreciation	Net Book Value
	£000	£000	£000	£000	£000	£000
Bedwellty House and Park	5,571	(685)	4,886	5,571	(569)	5,002
Cwm Recreation Ground	15	(15)	0	15	(15)	0
Ebbw Vale Recreation Ground	298	(67)	231	298	(54)	244
Tredeggar Recreation Ground	86	(57)	29	86	(50)	36
Total	5,970	(824)	5,146	5,970	(688)	5,282

The Authority also acts as sole trustee for 30 education trust funds, the main purpose of which is the provision of prizes to pupils based on examination success. At year-end, balances held were as follows:

Education Trust Funds	2019/2020	2018/2019
	£000	£000
Cash	56	56
Balance at 31 March	56	56

...the Statement of Group Accounts comprise the group financial statements and notes, including the summary of significant group accounting policies...



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Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement (GCIES) 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.

Group Comprehensive Income & Expenditure Statement	2019/2020			2018/2019			Note:	Page:
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure		
	£000	£000	£000	£000	£000	£000		
Continuing Operations								
Corporate Services	50,550	(25,246)	25,304	52,527	(28,436)	24,091	G6	133
Education	20,351	(6,013)	14,338	17,706	(5,404)	12,302		
Education - Schools	47,470	(5,289)	42,181	45,984	(4,749)	41,235		
Environment	35,584	(7,314)	28,270	32,807	(8,358)	24,449		
Cardiff Capital Region City Deal	113	(232)	(119)	62	(196)	(134)		
Regeneration & Economic Development	5,799	(3,647)	2,152	5,375	(3,339)	2,036		
Social Services	68,730	(22,698)	46,032	63,460	(18,748)	44,712		
Licensing	209	(130)	79	197	(133)	64		
Planning	1,414	(457)	957	1,610	(651)	959		
Silent Valley	1,117	(105)	1,012	1,213	(131)	1,082	G6	133
Total Deficit on Continuing Services	231,337	(71,131)	160,206	220,941	(70,145)	150,796	G3	131
Other Operating Expenditure	10,698	(681)	10,017	9,042	(497)	8,545	G4	132
Financing and Investment Income and Expenditure	21,756	(9,366)	12,390	21,293	(9,938)	11,355	G5	132
Taxation and Non-Specific Grant Income	0	(162,171)	(162,171)	0	(154,987)	(154,987)		
(Surplus)/Deficit on Provision of Services	263,791	(243,349)	20,442	251,276	(235,567)	15,709	G3	131
Tax Expenses			25			25	42	117
Group (Surplus)/Deficit			20,467			15,734	G3	131
(Surplus)/Deficit Arising on the Revaluation of Non-Current Assets			(6,213)			(394)	G14.2	140
Remeasurement of the net defined benefit pension liability			(76,133)			41,968		
Other Comprehensive Income & Expenditure			(82,346)			41,574	G7	133
Total Group Comprehensive Income & Expenditure			(61,879)			57,308	GMiRS	125

Group Movement in Reserves Statement

The Group Movement in Reserves Statement (GMIRS) shows the movement in the year on the different reserves held by the Group.

Group Movement in Reserves Statement	2019/2020			2018/2019			Note	Page
	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000	Total Authority Reserves £000	Authority's share of Reserves of Subsidiary £000	Total Group Reserves £000		
Opening balance at 1 April	205,054	(2,034)	203,020	147,935	(2,116)	145,819		
Adjustments to brought forward balances	0	0	0	(107)*	0	(107)		
Revised balance at 1 April	205,054	(2,034)	203,020	147,828	(2,116)	145,712		
Total Group Comprehensive Income & Expenditure	(62,101)	222	(61,879)	56,920	388	57,308	GCIES	124
Adjustments between Group Accounts and Authority Accounts	319	(319)	0	306	(306)	0	G8	134
(Increase)/Decrease in year	(61,782)	(97)	(61,879)	57,226	82	57,308		
Balance at 31 March	143,272	(2,131)	141,141	205,054	(2,034)	203,020	GBS, G15	126, 142

*: Reserve balances at 1 April 2018 were amended to reflect adjustments in the audited Cardiff Capital Region City Deal accounts for 2017/2018 (increasing the Blaenau Gwent share by £0.107m).

Group Balance Sheet

The Group Balance Sheet (GBS) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by reserves held, reported in two categories:

- Usable reserves are those reserves that the Group may use to provide services, subject to any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt) and the need to maintain a prudent level of reserves.
- Unusable reserves are those that the Group is not able to use to provide services. This category 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 Group Movement in Reserves Statement line '*Adjustments between accounting basis and funding basis under regulations*' (e.g. the Capital Adjustment Account, Pensions Reserve and Accumulated Absences Account).

Group Balance Sheet	31 March 2020		31 March 2019		Note:	Page:
	£000	£000	£000	£000		
Property, Plant & Equipment	269,040		264,409		G9	134-136
Heritage Assets	531		413			
Non-Current Debtors	3,220		4,490			
Sub Total: Long Term Assets		272,791		269,312		
Assets Held for Sale	590		880		G10	137
Inventories	396		461			
Current Debtors	25,773		16,976			
Cash and Cash Equivalents	10,129		15,650		G18	144
Sub Total: Current Assets		36,888		33,967		
Current Borrowing	(69,479)		(73,103)		G11	137
Current Creditors	(13,923)		(11,507)			
Current Grants Receipts in Advance	(1,964)		(2,301)			
Current Provisions	(2,329)		(3,140)		G12	138
Sub Total: Current Liabilities		(87,695)		(90,051)		
Non-Current Borrowing	(89,548)		(84,439)		G12	138
Non-Current Provisions	(3,868)		(3,853)			
Other Long-Term Liabilities	(269,721)		(327,956)			
Sub Total: Long-Term Liabilities		(363,137)		(416,248)		
Total Net Assets/(Liabilities)		(141,153)		(203,020)		
Usable Reserves	(23,529)		(22,235)		G15	142
Unusable Reserves	164,671		225,255		G15	142
Total Reserves		141,142		203,020		

Group Cash Flow Statement

The Group Cash Flow Statement summarises the cash and cash equivalent transactions of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash inflows and (outflows) as operating, investing and financing activities.

- The amount of net cashflows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided.
- Investing activities represent cashflows relating to the acquisition, disposal and funding via capital grant of resources which are intended to contribute to the Group's future service delivery, i.e. non-current assets.
- Cashflows arising from financing activities represent the extent to which borrowing and similar charges have increased/decreased during the year and are useful in predicting claims on future cash flows by providers of capital to the Group.

Group Cash Flow Statement	2019/2020		2018/2019		Note:	Page:
	£000	£000	£000	£000		
Net surplus/(deficit) on the provision of services less tax expenses	(20,467)		(15,734)		GCIES	124
Adjustments to the provision of services for non-cash movements	29,955		23,562		G16.1	143
Adjustments for items included in the provision of services that are investing and financing activities	(12,896)		(6,844)		G16.2	143
Interest received	33		36			
Net Cash Inflows from Operating Activities		(3,375)		1,020		
Investing activities		(3,617)		(6,960)	G17	144
Financing activities		1,471		8,767	40.2	115
Net increase or (decrease) in cash and cash equivalents		(5,521)		2,827		
Cash and cash equivalents at the beginning of the reporting period		15,650		12,823	GBS, G18	126, 144
Cash and cash equivalents at the end of the reporting period		10,129		15,650	GBS, G18	126, 144



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Notes to the Group Accounts

G1. Group Accounting Policies

G1.1 General Principles

The Group Accounts summarise the transactions of the Authority and its Subsidiaries for the 2019/2020 financial year and its position at the year-end of 31 March 2020. The Accounts have been prepared in accordance with proper accounting practices as required by the Accounts and Audit (Wales) Regulations 2014.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 and the Service Reporting Code of Practice 2019/2020, supported by International Financial Reporting Standards (IFRS). Where there is no relevant IFRS or International Accounting Standard (IAS), reference is made to International Public Sector Accounting Standards (IPSASs); if there is no relevant IPSAS, domestic Financial Reporting Standards (FRSs) are applied.

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.

In preparing a set of Accounts for the Blaenau Gwent Group, it has been necessary to align the Accounting Policies adopted by the two constituent entities. The Group Policies are largely the same as those used in preparing the Accounts for the Parent Authority, as recorded on pages 27-39. However, where Policies differ, the Group Policy is included in this section.

G1.2 Intra Group Transactions and Balances

To the extent that balances and transactions have been identified and agreed between Silent Valley Waste Services Ltd. and Blaenau Gwent CBC, these have been eliminated as part of the consolidation process. As total transactions between the parties amount to £0.800m (2018/2019: £0.751m) and are therefore not considered to be material, any differences between identified and actual sums are therefore also not material.

G1.3 Acquisitions and Discontinued Operations

The principal activities of Silent Valley Waste Services Ltd. are waste management, disposal and ancillary services such as recycling and waste collection.

All operations were classified as continuing in 2019/2020 and there were no acquisitions or discontinuations of service (or transfers under machinery of government arrangements) during the financial year.

G1.4 Employee Benefits

G1.4.1 Benefits Payable During Employment

The annual leave entitlement year for staff at SVWS Ltd. ends on 31 March with limited opportunity to carry forward unused balances. No staff carried forward leave at the end of 2019/2020 and consequently no short term compensated absences accrual has been calculated.

G1.4.2 Post Employment Benefits

Employees of Silent Valley Waste Services Ltd. are members of the following pension schemes:

- The Local Government Pensions Scheme, as an admitted body, administered by Torfaen County Borough Council; and
- Silent Valley Defined Contribution Scheme.

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

The required accounting treatments are as follows:

The Local Government Pension Scheme

As required for a defined benefit scheme, the employers pension costs that are charged to the Group's accounts are equal to the actuarially-calculated liabilities arising as a result of the service effected by employees. Additional costs arising for discretionary benefits paid to staff on retirement have also been accounted for on a liability basis, with the full amount of any such payments being recorded in service accounts in the year of occurrence.

Silent Valley Defined Contribution Scheme

In a defined contribution scheme, the employer has no obligation beyond payment of the agreed contributions. Therefore, the net cost of services in the Group Comprehensive Income and Expenditure Statement is charged with the amount of contributions payable for the year of account. Prepayments or accruals are recorded in the Group Balance Sheet if required.

Further details of the transactions undertaken and required disclosures for the Local Government Pension Scheme, Teachers Pension Scheme and Silent Valley Defined Contribution Scheme can be found in the notes to the Group Accounts.

G1.5 Property, Plant and Equipment

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

G1.5.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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.

Only expenditure in excess of £50,000 has been capitalised by the Parent Authority, with amounts below this threshold being charged directly to revenue. The exceptions to this are highways and health & safety assets that individually fall below this de-minimis level but are capitalised because they are treated as one single item of expenditure in the year and expenditure that has a capital grant approval.

G1.5.2 Measurement

Tangible Non-Current Assets attributable to the Subsidiary are recorded in the accounts on the basis of depreciated historic cost.

G1.5.3 Depreciation

For assets held by Silent Valley Waste Services Ltd., the following standard lives are used in calculating depreciation:

- Leasehold land and buildings – 10 – 15 years; and
- Plant and Machinery – 5 – 13 years.

These standard lives are not significantly different from those used by the Parent Authority, and any differences in calculated depreciation sums are not expected to be material. Consequently, a completely uniform set of standard lives has not been introduced for Group Accounting purposes and no adjustments have been made to depreciation amounts in the Group Comprehensive Income and Expenditure Statement, Group Balance Sheet or Group Cash Flow.

G1.6 Aftercare and Capping Provisions

Provision for the cost of aftercare and site capping was made by establishing a consumption factor which aimed to write off the estimated future costs over the anticipated useful life of the site.

G2. Notes to the Group Financial Statements

These notes should be read in conjunction with the notes to the Authority's Core Financial Statements. Notes have been included to the Group Financial Statements where:

- specifically required by the Accounting Code of Practice;
- a note to the single entity statements has been amended by the consolidation of the subsidiary undertaking; or
- the note relates solely to the activities of the subsidiary and has not been included in the Accounts of the Local Authority.

Group Comprehensive Income & Expenditure Statement Notes

G3. Group Expenditure and Funding Analysis

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

Group Expenditure & Funding Analysis	2019/2020					2018/2019				
	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure	Management Account Net Expenditure	Accounting Code Adjustments	Net Expenditure Chargeable to the Council Fund	Funding & Accounting Basis Adjustments	Group CIES Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	14,743	7,684	22,427	2,877	25,304	14,601	8,063	22,664	1,427	24,091
Education	55,351	(46,023)	9,328	5,010	14,338	55,075	(45,816)	9,259	3,043	12,302
Education - Schools	(1,325)	43,250	41,925	256	42,181	(1,054)	42,505	41,451	(216)	41,235
Environment	29,027	(11,567)	17,460	10,810	28,270	28,639	(13,431)	15,208	9,241	24,449
Cardiff Capital Region City Deal	0	(119)	(119)	0	(119)	0	(134)	(134)	0	(134)
Regeneration & Economic Development	1,360	(671)	689	1,463	2,152	1,457	(892)	565	1,471	2,036
Social Services	44,568	(2,867)	41,701	4,331	46,032	43,924	(2,128)	41,796	2,916	44,712
Licensing	74	(19)	55	24	79	71	(28)	43	21	64
Planning	973	(172)	801	156	957	1,029	(194)	835	124	959
Capital Adjustments	0	(5)	(5)	5	0	0	(1)	(1)	1	0
Pension Adjustments	0	554	554	(554)	0	0	1,008	1,008	(1,008)	0
Silent Valley	1,012	0	1,012	0	1,012	1,082	0	1,082	0	1,082
Net Expenditure on Continuing Operations	145,783	(9,955)	135,828	24,378	160,206	144,824	(11,048)	133,776	17,020	150,796
Other Operating Expenditure	(86)	9,060	8,974	1,043	10,017	(84)	8,549	8,465	80	8,545
Financing & Investment Income & Expenditure	(26)	5,266	5,240	7,150	12,390	(30)	4,672	4,642	6,713	11,355
Taxation & Non-Specific Grant Income	0	(151,111)	(151,111)	(11,060)	(162,171)	0	(148,719)	(148,719)	(6,268)	(154,987)
(Surplus)/Deficit on the Provision of Services	145,671	(146,740)	(1,069)	21,511	20,442	144,710	(146,546)	(1,836)	17,545	15,709
Tax expenses	25	0	25	0	25	0	0	25	0	25
Group (Surplus)/Deficit	145,696	(146,740)	(1,044)	21,511	20,467	144,710	(146,546)	(1,811)	17,545	15,734
Transfers to/(from) earmarked reserves			910					1,723		
(Increase)/Decrease in year			(134)					(88)		
Opening Group Balances as at 1 April			(6,207)					(6,119)		
Closing Group Balances as at 31 March			(6,341)					(6,207)		

G4. Other Operating Expenditure

Other Operating Expenditure in the Group Comprehensive Income and Expenditure Statement consists of the following:

	2019/2020			2018/2019		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Other Operating Expenditure						
Parent:						
(Gains)/losses on the Disposal of Non-Current Assets	1,639	(595)	1,044	489	(413)	76
Precepts & Levies	9,059	0	9,059	8,553	0	8,553
Subsidiary:						
Income from energy generation	0	(86)	(86)	0	(84)	(84)
Total	10,698	(681)	10,017	9,042	(497)	8,545

G5. Financing and Investment Income and Expenditure

Financing and investment income and expenditure in the Group Comprehensive Income and Expenditure Statement consists of the following:

	2019/2020			2018/2019		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Financing and Investment Income and Expenditure						
Impairment *	446	0	446	(158)	0	(158)
Interest payable and similar charges - Financial Instruments	4,274	0	4,274	4,368	0	4,368
Interest payable and similar charges - Other **	7	0	7	7	0	7
Interest receivable and similar income - Financial Instruments	0	(74)	(74)	0	(48)	(48)
Interest receivable and similar income - Other ***	0	(213)	(213)	0	(226)	(226)
Net Pensions Interest	17,029	(9,079)	7,950	17,076	(9,664)	7,412
Total	21,756	(9,366)	12,390	21,293	(9,938)	11,355

*: Movement in allowances for expected credit losses on financial assets.

**: Interest on finance leases and school balances.

***: Interest on (lessor) finance leases, bank charges, car loans and contractor bonds.

G6. External Audit Fees

The Group incurred the following fees relating to External Audit and inspection:

External Audit Fees	2019/2020 £000	2018/2019 £000
Fees payable in respect of:		
External audit services - Final Accounts	191	191
Silent Valley external audit services - Final Accounts	10	10
External audit services - Local Government Measures	105	105
Certification of grant claims and returns	40	70
Total Audit Fees	346	376

External Audit services for Blaenau Gwent CBC are provided by the Audit Wales (formerly the Wales Audit Office); for Silent Valley Waste Services Ltd. by Baldwins Audit Services Limited.

Group Movements in Reserves Notes**G7. Other Comprehensive Income and Expenditure**

The following unrealised gains or losses and actuarial gains or losses arose during the year:

Other Comprehensive Income & Expenditure	2019/2020 £000	2018/2019 £000
(Surplus)/Deficit arising on the revaluation of Non-Current Assets	(6,213)	(394)
Remeasurement of the net defined benefit pension liability	(76,133)	41,968
Other Comprehensive Income & Expenditure	(82,346)	41,574

G8. Adjustments between Parent and Group Movement in Reserves Statements

In preparing the Group Movement in Reserves Statement, the following adjustments were made for intra-group transactions:

Adjustments between Single Entity and Group Movement in Reserves Statements	31 March 2020		31 March 2019	
	Total Authority Reserves	Authority's share of Reserves of Subsidiary	Total Authority Reserves	Authority's share of Reserves of Subsidiary
	£000	£000	£000	£000
Adjustments between Group Accounts and Authority Accounts:				
Expenditure	(800)	800	(751)	751
Income	148	(148)	22	(22)
Debtors & Creditors	39	(39)	64	(64)
Retained Profits	(106)	106	(373)	373
Accumulating Dividend	725	(725)	725	(725)
Less cumulative adjustments brought forward	313	(313)	619	(619)
Total intra-group adjustments	319	(319)	306	(306)

Group Balance Sheet Notes

G9. Property Plant & Equipment

The gross carrying amount and accumulated depreciation relating to Property, Plant and Equipment was:

Property, Plant & Equipment	31 March 2020	31 March 2019
	£000	£000
Gross Carrying Amount	333,836	325,164
Accumulated Depreciation	(64,796)	(60,755)
Net Book Value	269,040	264,409

Movements in 2019/2020:

Property, Plant & Equipment Movements	Operational Assets						Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Cost or Valuation as at 1 April 2019	164,808	15,072	129,453	120	4,331	11,380	325,164
Appropriations	1,849	0	0	0	(218)	(1,631)	0
Assets reclassified to/from held for sale	(85)	0	0	0	(45)	0	(130)
Additions	0	414	1,335	0	0	3,295	5,044
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,378	0	0	0	13	0	3,391
Revaluation increases/(decreases) recognised in the Provision of Services	(4,919)	0	0	0	615	0	(4,304)
Capital expenditure written off	3,040	447	450	66	0	3,922	7,925
Derecognition - disposals	(49)	0	0	0	0	0	(49)
Other movements in cost or valuation *	(3,040)	(40)	(59)	(66)	0	0	(3,205)
Cost or Valuation as at 31 March 2020	164,982	15,893	131,179	120	4,696	16,966	333,836
Property, Plant & Equipment Depreciation & Impairment	Operational Assets						Total Property, Plant & Equipment £000
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	
Accumulated Depreciation & Impairment as at 1 April 2019	(16,635)	(10,093)	(33,987)	(12)	(28)	0	(60,755)
Depreciation Charge & Appropriations	(5,507)	(1,362)	(3,370)	(1)	(7)	0	(10,247)
Depreciation written out to the Revaluation Reserve	3,193	0	0	0	0	0	3,193
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,060	0	0	0	0	0	3,060
Derecognition - disposals	(9)	(38)	0	0	0	0	(47)
Accumulated Depreciation & Impairment as at 31 March 2020	(15,898)	(11,493)	(37,357)	(13)	(35)	0	(64,796)
Net Book Value as at 31 March 2020	149,084	4,400	93,822	107	4,661	16,966	269,040
Net Book Value as at 31 March 2019	148,173	4,979	95,466	108	4,303	11,380	264,409
Net Book Value as at 31 March 2018	151,749	4,895	96,587	109	4,500	5,910	263,750

Movements in 2018/2019:

Property, Plant & Equipment Movements	Operational Assets						Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Cost or Valuation as at 1 April 2018	163,960	13,709	127,306	120	4,521	5,910	315,526
Appropriations	684	0	94	0	10	(788)	0
Assets reclassified to/from held for sale	(356)	0	0	0	(295)	0	(651)
Additions	713	1,514	2,026	0	0	935	5,188
Revaluation increases/(decreases) recognised in the Revaluation Reserve	325	0	0	0	57	0	382
Revaluation increases/(decreases) recognised in the Provision of Services	(396)	0	0	0	38	0	(358)
Capital expenditure written off	(1,783)	(125)	(3)	0	0	0	(1,911)
Derecognition - disposals	(126)	(154)	0	0	0	0	(280)
Other movements in cost or valuation **	1,787	128	30	0	0	5,323	7,268
Cost or Valuation as at 31 March 2019	164,808	15,072	129,453	120	4,331	11,380	325,164

Property, Plant & Equipment Depreciation & Impairment	Operational Assets						Total
	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000
Accumulated Depreciation & Impairment as at 1 April 2018	(12,211)	(8,814)	(30,719)	(11)	(21)	0	(51,776)
Depreciation Charge & Appropriations	(4,707)	(1,396)	(3,268)	(1)	(7)	0	(9,379)
Depreciation written out to the Revaluation Reserve	11	0	0	0	0	0	11
Depreciation written out to the Surplus/Deficit on the Provision of Services	248	0	0	0	0	0	248
Derecognition - disposals	24	117	0	0	0	0	141
Accumulated Depreciation & Impairment as at 31 March 2019	(16,635)	(10,093)	(33,987)	(12)	(28)	0	(60,755)

Notes * & **: Amounts included in 'Other movements in cost or valuation' relates to capital expenditure incurred during the year, none of which has been added to the asset base and £3.205 million of which has been written off as there has been no increase to the asset value in 2019/2020(*); £5.36 million of which has been added to the asset base and £1.91million of which has been written off as no increase to the asset value resulted in 2018/2019(**).

G10. Current Debtors

Amounts owing to the Group were as follows:

Current Debtors	31 March 2020				31 March 2019			
	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors	Gross Debtors	Impairment	Prepayments	Total Net Current Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government	10,152	0	0	10,152	5,473	0	0	5,473
Other Central Government	2,120	0	0	2,120	1,099	0	0	1,099
Local Authorities	2,838	(19)	0	2,819	2,379	(1)	32	2,410
NHS	2,286	(20)	22	2,288	929	(5)	0	924
Council Tax Arrears	5,046	(2,102)	0	2,944	4,546	(1,867)	0	2,679
Other Entities & Individuals	5,336	(1,409)	923	4,850	4,449	(2,295)	1,372	3,526
Trade	827	(227)	0	600	951	(86)	0	865
Total Current Debtors:	28,605	(3,777)	945	25,773	19,826	(4,254)	1,404	16,976

G11. Current Creditors

Amounts owed by the Group were as follows:

Current Creditors	31 March 2020			31 March 2019		
	Creditors	Receipts in Advance	Total Current Creditors	Creditors	Receipts in Advance	Total Current Creditors
	£000	£000	£000	£000	£000	£000
Welsh Government	(347)	0	(347)	(226)	0	(226)
Other Central Government	(679)	0	(679)	(810)	0	(810)
Local Authorities	(1,396)	(5)	(1,401)	(1,335)	(3)	(1,338)
NHS	(290)	0	(290)	(407)	0	(407)
Capital Creditors	(1,511)	0	(1,511)	(226)	0	(226)
Council Tax Credits	(876)	0	(876)	(835)	0	(835)
Other Entities and Individuals	(7,150)	(275)	(7,425)	(6,021)	(225)	(6,246)
Trade	(1,394)	0	(1,394)	(1,419)	0	(1,419)
Total Current Creditors:	(13,643)	(280)	(13,923)	(11,279)	(228)	(11,507)

G12. Provisions

Details of the purposes of the Authority's provisions can be found in notes 32.1-32.2, pages 84-86. Silent Valley Waste Services Ltd. hold a provision for Aftercare to provide for estimated costs of maintaining the landfill site after capping works have been completed. The timescale for utilisation of the provision is over a period of 60 years following closure of the site. Due to the timescales involved there are inherent uncertainties regarding the level and value of aftercare works required. Movements in the Group provisions during 2019/2020 were as follows:

	Balance at 1 April 2019 £000	Amounts Used in 2019/2020 £000	Unused Amounts Reversed in 2019/2020 £000	Unwinding of Discount in 2019/2020 £000	Additional Provisions made in 2019/2020 £000	Balance at 31 March 2020 £000
Provision Movements						
Current Provisions						
Employee Provisions:						
Parent's Employee Provisions	(512)	366	0	0	(142)	(288)
Other Provisions:						
Parent's Other Provisions	(2,458)	136	859	0	(408)	(1,871)
Silent Valley Aftercare	(170)	203	0	0	(203)	(170)
	(3,140)	705	859	0	(753)	(2,329)
Non-Current Provisions						
Parent's Provisions	(1,816)	316	83	0	(617)	(2,034)
Silent Valley Aftercare	(2,037)	0	203	0	0	(1,834)
	(3,853)	316	286	0	(617)	(3,868)
Total Provisions:	(6,993)	1,021	1,145	0	(1,370)	(6,197)

G13. Other Long-Term Liabilities

The Group holds the following balances as long-term liabilities:

Other Long-Term Liabilities	31 March 2020 £000	31 March 2019 £000
Cardiff Capital Region City Deal Non-Current Creditor	(2,123)	(1,433)
Deferred Liabilities	(68)	(217)
Net Pensions Liability	(267,530)	(326,306)
Total	(269,721)	(327,956)

G14. Post-Employment Benefits

Retirement benefits are offered to the Group's employees which, although not actually payable until employees retire, represent a commitment by the Group that needs to be disclosed in the Accounts in the financial period in which the entitlement to benefits arises (i.e. when earned by employees through service provided).

The Group participates in three formal schemes: an independently administered defined contribution scheme for employees of Silent Valley Waste Services Ltd., the Teachers' Pension Scheme administered by Capita Teachers' Pensions and the Local Government Pension Scheme administered by Torfaen CBC. A number of employees of Silent Valley Waste Services Ltd. are members of the Local Government Pension Scheme, of which the company is an admitted body.

G14.1 Defined Contribution Schemes***Silent Valley***

A defined contribution scheme was established by the Company in November 1995. The assets of the scheme are held separately from the Company in independently administered funds. Employer contributions to this fund are at a rate of between 6% and 12% of members' pensionable earnings.

In 2019/2020, the total defined contribution scheme charge to the Group CIES was £0.071m (2018/2019: £0.065m). There were no outstanding contributions to the scheme at 31 March 2020 or 31 March 2019.

Teachers' Pension Scheme

Teachers employed by Blaenau Gwent CBC are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions.

Further details of this Scheme and the Authority's contributions can be found in the notes to the Single Entity Core Statements (notes 36 & 37, pages 94-104)

G14.2 Defined Benefit Scheme

The Local Government Scheme is a funded defined benefit Career Average Revalued Earnings (CARE) scheme, in which the Group and employees make contributions calculated at a level intended to balance pension liabilities arising with investment assets. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last review being 31 March 2019.

Further information can be found in the Greater Gwent (Torfaen) Pension Fund's Annual Report which is available upon request from the Chief Financial Officer, Torfaen County Borough Council, Civic Centre, Pontypool, NP4 6YB.

The cost of retirement benefits are recognised in the 'Net Cost of Services' section of the Group Comprehensive Income & Expenditure Statement when those benefits are earned by employees, rather than when the benefits are actually paid as pensions.

The following pension scheme transactions have been made in the Group Comprehensive Income and Expenditure Statement during the year:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Group Pension Scheme Transactions						
Group Comprehensive Income & Expenditure Statement:						
Cost of Services:						
Current Service Costs	21,516	0	21,516	18,109	0	18,109
Other Service Costs	1,752	0	1,752	492	0	492
Total Service Cost:	23,268	0	23,268	18,601	0	18,601
Financing and Investment Income and Expenditure:						
Interest on Plan Assets	(9,072)	0	(9,072)	(9,658)	0	(9,658)
Interest on Defined Benefit Liabilities	16,138	884	17,022	16,133	937	17,070
Net Interest:	7,066	884	7,950	6,475	937	7,412
Total Charged to the Surplus/Deficit on Provision of Services:	30,334	884	31,218	25,076	937	26,013
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Return on plan assets (excluding amounts included in Net Interest)	46,037	0	46,037	(11,308)	0	(11,308)
Actuarial (Gains)/Losses arising from changes in financial assumptions	(57,195)	(2,035)	(59,230)	51,354	1,447	52,801
Experience (Gains)/Losses on defined benefit liabilities	(34,699)	(365)	(35,064)	129	346	475
Total remeasurement recognised in Other Comprehensive Income & Expenditure	(45,857)	(2,400)	(48,257)	40,175	1,793	41,968
Total Charged to the Group Comprehensive Income & Expenditure Statement:	(15,523)	(1,516)	(17,039)	65,251	2,730	67,981

No adjusting entries are made in relation to the Silent Valley Waste Services Pension Scheme transactions and consequently there are no changes to the relevant entries made in the Parent Movement in Reserves Statement.

Transactions in respect of the fair value of pension scheme assets and present value of scheme liabilities are as follows:

	2019/2020			2018/2019		
	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000	Local Government Pension Scheme £000	Teachers' Unfunded Discretionary Pensions £000	Total £000
Pension Scheme Assets						
Balance at 1 April:	380,303	0	380,303	360,666	0	360,666
Employer Contributions	11,918	1,943	13,861	11,589	1,898	13,487
Member Contributions	2,888	0	2,888	2,838	0	2,838
Benefits Paid	(16,900)	(1,943)	(18,843)	(15,847)	(1,898)	(17,745)
Interest on Plan Assets	9,116	0	9,116	9,702	0	9,702
Remeasurement Gains/(Losses):						
Return on Plan Assets (excluding amounts included in Interest)	(46,193)	0	(46,193)	11,355	0	11,355
Balance at 31 March:	341,132	0	341,132	380,303	0	380,303
Reconciliation of the Movements in Present Value of Scheme Liabilities						
	£000	£000	£000	£000	£000	£000
Balance at 1 April:	(668,807)	(37,802)	(706,609)	(595,508)	(36,970)	(632,478)
Current Service Cost	(21,516)	0	(21,516)	(18,109)	0	(18,109)
Past Service Cost and Curtailments	(1,524)	0	(1,524)	(270)	0	(270)
Administration Expenses	(228)	0	(228)	(222)	0	(222)
Interest Cost	(16,182)	(884)	(17,066)	(16,177)	(937)	(17,114)
Member Contributions	(2,888)	0	(2,888)	(2,838)	0	(2,838)
Benefits Paid	16,900	1,943	18,843	15,847	1,898	17,745
Experience Gains/(Losses)	34,634	365	34,999	(44)	(346)	(390)
Actuarial Gains/(Losses) arising from changes in financial assumptions	57,416	2,035	59,451	(51,486)	(1,447)	(52,933)
Balance at 31 March:	(602,195)	(34,343)	(636,538)	(668,807)	(37,802)	(706,609)

The Group's net liability arising from defined benefit scheme obligations can be analysed as follows:

	31 March 2020			31 March 2019		
	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total	Local Government Pension Scheme	Teachers' Unfunded Discretionary Pensions	Total
	£000	£000	£000	£000	£000	£000
Pension Assets & Liabilities Recognised in the Balance Sheet						
Fair Value of Scheme Assets	341,132	0	341,132	380,303	0	380,303
Present Value of Scheme Liabilities	(576,169)	(32,493)	(608,662)	(668,807)	(37,802)	(706,609)
Net Liability:	(235,037)	(32,493)	(267,530)	(288,504)	(37,802)	(326,306)

Entries are included in the Group Balance Sheet for the Group's share of assets and liabilities of the Local Government Pension Scheme. Liabilities relating to Unfunded Teachers' Discretionary Pensions are also included. Disclosed liabilities show the underlying commitment that the Group has in the long term to pay retirement benefits.

The Group holds total usable reserves of £22.235m at 31 March 2019 (£22.248m at 31 March 2018). The effect of applying the net superannuation fund deficit of £326.306m to the Group's usable reserves would be a deficit of £304.071m (2018/2019: the superannuation deficit of £271.812m exceeded usable reserves by £249.564m).

However, this deficit is dependent on a number of factors such as investment performance and retirement benefits payable. The long-term under-funding of the Local Government Pension Scheme is being addressed over a number of years by staged increases to employer contributions. Consequently, the liability would not arise in total in one financial year. The overall financial standing of the Superannuation Fund is regularly reviewed by Actuaries on behalf of the administering Authority (Torfaen CBC).

G15. Reserves

Details of the Authority's Reserves can be found in note 38, pages 104-113.

The Silent Valley Waste Services Ltd. Profit & Loss Reserve represents the balance of accumulated profit made on trading activities. The transactions and balances on this reserve in the Group Accounts have been adjusted to remove the profit element relating to the Parent. Movements on the Group Reserves were as follows:

Summary: Group Reserves	Net Transfers			Net Transfers		
	1 April 2018	2018/2019	31 March 2019	Adjustments	2019/2020	31 March 2020
	£000	£000	£000	£000	£000	£000
Council Fund	(6,119)	(88)	(6,207)	0	(134)	(6,341)
Silent Valley Profit & Loss Reserve	(2,116)	82	(2,034)	0	(96)	(2,130)
Parent's Usable Earmarked Reserves	(14,105)	111	(13,994)	0	(1,064)	(15,058)
	(22,340)	105	(22,235)	0	(1,294)	(23,529)
Parent's Unusable Reserves	168,052	57,203	225,255	0	(60,584)	164,671
Total: Reserves	145,712	57,308	203,020	0	(61,878)	141,142

Group Cash Flow Notes

G16. Reconciliation of the Deficit on the Provision of Services to Net Cash Flows from Operating Activities

The following tables provide details of the adjustments made between the deficit on provision of services to arrive at a figure for operating activities cashflows.

G16.1 Non-Cash Movements

Cash Flow - Adjustments for Non-Cash Movements	2019/2020		2018/2019	
	£000	£000	£000	£000
Depreciation & Impairment	14,393		11,256	
REFCUS (deferred charges)	2,388		1,678	
Effective interest adjustment	44		42	
Net IAS19 charges made for Retirement Benefits	31,157		25,964	
IAS19 Employers Contributions Paid to Pension Fund	(13,909)		(13,499)	
		34,073		25,441
Increase/(Decrease) in Provisions		(817)		(2,353)
(Increase) / Decrease in Inventories		65		258
(Increase) / Decrease in Revenue Debtors		(6,029)		197
Increase / (Decrease) in Revenue Creditors		2,663		19
Total		29,955		23,562

G16.2 Investing or Financing Activities included in the Deficit on Provision of Services

Cash Flow - Adjustments for Investing & Financing Activities	2019/2020	2018/2019
	£000	£000
(Gain)/Loss on Disposal of fixed assets	(126)	76
Capital Grants credited to CIES	(12,770)	(6,920)
Total	(12,896)	(6,844)

G17. Analysis of the Amounts of Major Classes of Gross Cash Receipts and Gross Cash Payments

Investing Activities

The cash flows for investing activities consist of the following:

Cash Flow - Investing Activities	2019/2020			2018/2019		
	£000	£000	£000	£000	£000	£000
Cash Outflows						
Purchase of Non-Current Assets	(14,889)			(13,523)		
		(14,889)			(13,523)	
Cash Inflows						
Sale of Non-Current Assets	595			413		
Other Receipts from Investing Activities	10,677			6,150		
		11,272			6,563	
Total			(3,617)			(6,960)

G18. Cash and Cash Equivalents

The balance of group cash and cash equivalents is made up of the following:

Cash and Cash Equivalents	2019/2020	2018/2019
	£000	£000
Cash Held by the Authority	53	47
Bank Accounts	10,076	9,603
Short-term investments	0	6,000
Total Cash & Cash Equivalents	10,129	15,650

Other Group Notes

G19. Deferred Taxation

Deferred tax assets and liabilities are offset where Silent Valley Waste Services Ltd. has a legally enforceable right to do so. There were no deferred tax movements in the year. There has been no deferred tax asset recognised in respect of losses available for carrying forward which would be available to set against future trading profits, chargeable to corporation tax. There is an unrecognised deferred tax asset of £0.238m (2018/2019: £0.204m) in respect of losses for the year.



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Cyngor Bwrdeistref Sirol

Blaenau Gwent

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Agenda Item 11

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **29th September 2020**

Report Subject: **Internal Audit Charter**

Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member
Corporate Services**

Report Submitted by: **Rhian Hayden - Chief Officer Resources
Louise Rosser – Audit & Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
Virtual	10.09.2020		29.09.20					

1. Purpose of the Report

The purpose of this report is to provide the Audit Committee with the revised Internal Audit Charter for 2020/21 (Appendix A).

2. Scope and Background

2.1 The report provides the basis for production of the Internal Audit Charter, incorporating amendments to reflect changes since the last update.

The Public Sector Internal Audit Standards require the Authority to have an Internal Audit Charter that sets out the service's purpose, authority and responsibility.

The Charter is to contain a number of elements to include:

- The mandatory nature of the definitions of a number of terms;
- The responsibilities and objectives of Internal Audit;
- To require and enable the Audit & Risk Manager to deliver an annual opinion;
- To explain how Internal Audit's resource requirements will be assessed;
- To define the role of Internal Audit in any fraud related or consultancy work;
- To explain the arrangements in place for avoiding conflicts of interest;
- The organisational independence of Internal Audit
- The accountability, reporting lines and relationships between the Audit & Risk Manager and (i) those charged with Governance (ii) those to whom the Audit & Risk Manager may report;
- Establishing Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and explanations as it considers necessary to fulfil its responsibilities.

The Charter must be periodically reviewed by both the Corporate Leadership Team and the Audit Committee. This is undertaken on an annual basis.

3. Options for Recommendation

3.1 The Committee consider the attached Internal Audit Charter.

The Committee consider the following options:

3.2 Option 1

Approve the Audit Charter in line with good practice and the requirements of the Public Sector Internal Audit Standards (PSIAS).

3.3 Option 2

Suggest amendments to the Audit Charter and subsequently approve it.

3.4 Option 3

Do not approve the Audit Charter.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 The Local Government Act (1972) and the Accounts and Audit Regulations (Wales) 2014 require the Council to maintain an effective Internal Audit Service in accordance with proper internal audit practices. The Authority's Internal Audit Service has adopted the Public Sector Internal Audit Standards (PSIAS) for this purpose.

5. Implications Against Each Option

5.1 Impact on Budget (short and long term impact)

There are no direct financial implications arising from production of the Internal Audit Charter.

5.2 Risk including Mitigating Actions

Options 1 and 2 will comply with the requirements of the PSIAS.

Option 3, failure to review and approve the Charter would need to be reported in the Audit & Risk Managers Annual Report as a non-compliance with the PSIAS and, if deemed appropriate, included in the Annual Governance Statement. This could in turn result in increased activity by the external auditor and a resultant increase in audit fees.

5.3 Legal

Provision of an adequate audit service, demonstrated in part through the production of a suitable audit plan, contributes to the Section 151 officer being able to fulfil her statutory duties under the Local Government Act (1972).

5.4 Human Resources

There are no direct staffing implications arising from the revision of the Internal Audit Charter.

6. **Supporting Evidence**

6.1 Performance Information and Data

The Internal Audit Charter is updated on an annual basis. The Charter was last reviewed in September 2019.

6.2 Expected outcome for the public

An effective Internal Audit Service and Audit Committee will assist with the stewardship of public money providing assurance to the communities of Blaenau Gwent on the robustness of the Authority's internal controls.

6.3 Involvement (consultation, engagement, participation)

The Audit Committee are consulted on the compilation of the Internal Audit Charter and its annual review.

6.4 Thinking for the Long term (forward planning)

The work of Internal Audit is intended to provide advice and guidance on system improvements resulting in an improved control environment for the future of the Authority.

6.5 Preventative focus

The provision of an effective Internal Audit Service, as set out in the Internal Audit Charter, demonstrates the Authority's intent to consider the adequacy of its control environment including the identification and prevention of fraud.

6.6 Collaboration / partnership working

The work of Internal Audit includes placing reliance on audits led by other local authorities and cross departmental reviews.

6.7 Integration (across service areas)

The work of internal audit aims to provide assurance on the whole of the Authority's control environment.

6.8 EqlA (screening and identifying if full impact assessment is needed)

The production of the Internal Audit Charter has a neutral impact against people or groups from the nine protected characteristics.

7. **Monitoring Arrangements**

7.1 Progress reports are provided to the Audit Committee throughout the year.

Background Documents /Electronic Links

- *Appendix A – Internal Audit Charter*

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Internal Audit Charter For Blaenau Gwent County Borough Council

2020-2021

1. Introduction

1.1. The Internal Audit Charter describes the purpose, authority and principal responsibilities of Blaenau Gwent Internal Audit Section. The Audit & Risk Manager is responsible for reviewing the Charter and presenting it to both Corporate Leadership Team and to Audit Committee annually for review and approval.

1.2. The Charter is produced in compliance with the Public Sector Internal Auditing Standards (PSIAS). The standards refer to the following terms and require that they are defined for the purpose of the Audit Charter. Listed below are the three terms referred to in the standards, along with the officer / body that undertakes the role on behalf of Blaenau Gwent.

- *Chief Audit Executive* – The Audit & Risk Manager
- *The Board* - Audit Committee
- *Senior Management* – Corporate Leadership Team

1.3. The Charter is split into the following sections;

- Purpose, authority and responsibilities;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme.

2. Purpose, Authority and Responsibility (PSIAS 1000 & 1010)

2.1. Purpose (Definition of Internal Auditing)

2.1.1. The Public Sector Internal Auditing Standards define Internal Audit as follows:

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an

organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

2.2. Objectives

2.2.1 The objectives of the Internal Audit Service are set out as follows:

- To assist the Chief Officer Resources in discharging her statutory duties under Section 151 of the Local Government Act 1972 and subsequent legislation.
- To provide the Council and its Departments with an adequate and effective system of Internal Audit of all accounting records and control systems.
- To assist the Council in achieving its aims in relation to Corporate Governance.
- To support the Council in its search for savings and achievement of Value for Money.
- To help the Council to achieve its service goals by minimising the risks of loss from error, fraud, waste or extravagance.
- To support the work of the Audit Committee.

2.2.2. These objectives will be delivered through maintaining a high quality Internal Audit function that meets the needs of the Council, supporting the Section 151 Officer and the Audit Committee in discharging their responsibilities and meeting the requirements of the PSIAS.

2.2.3. Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (Wales) 2014, which states in respect of internal audit:

“A relevant body (i.e. the Council) must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

2.2.4. Section 151 of the Local Government Finance Act 1972 requires every local authority to designate an officer responsible for the proper administration of its financial affairs. In Blaenau Gwent Council this is the Chief Officer Resources.

2.3. Scope and Authority

2.3.1. The scope for Internal Audit is to review, appraise and report on the adequacy of the internal controls across the whole organisation's control environment as a contribution to the proper, economic, efficient and effective use of resources. This includes delivering the objectives identified in section 2.2 of this charter by providing the Council and its departments with an adequate and effective system of Internal Audit of all accounting records and control systems.

2.3.2. In accordance with the Accounts and Audit Regulations (Wales) 2014, all Internal Audit staff should have unrestricted access to all Council activities and records (including manual and computerised systems), personnel, cash, stores, other assets and premises. Internal Audit has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This is provided for in the Authority's Financial Procedure Rules.

2.3.3. All Officers within the council are required to give complete co-operation to Internal Audit for the expected fulfilment of the audit process. Internal Audit is located within the Corporate Services Department, reporting to the Chief Officer Resources and where necessary to the Managing Director. The Executive Member for Corporate Services is the Leader of the Council.

3. Independence and Objectivity (PSIAS 1100, 1110, 1111, 1120 and 1130)

3.1. To be effective, Internal Audit must be independent and be seen to be independent. To ensure this, Internal Audit will operate within a framework that allows:

- Unrestricted access to Senior Management, Head of Paid Service and the Chair of the Audit Committee
- Reporting in its own name
- Segregation from line operations

- 3.2. Every effort will be made to preserve objectivity by controlling the involvement of audit staff in non-audit duties in order to avoid potential conflicts of interest, specific exceptions are however acceptable in respect of ad hoc fraud investigations, encouragement and development of improved internal control systems, and participation in service improvement projects. Specifically, appropriate arrangements have been put in place for the line management of the Risk Management and Insurance Service. Audit output relating to this service area will not be directed by the Audit & Risk Manager. Reports will be signed off by the Chief Officer Resources.
- 3.3. Internal Audit will report on a regular and routine basis to the Audit Committee. Such reports will include both the operational and strategic Audit Plans and progress against them, together with the Annual Report of the Audit & Risk Manager and summaries of significant audit findings, activity and developing issues during the year.
- 3.4. The ultimate management of Blaenau Gwent rests with the Council. A number of formal reports such as the Annual Statement of Accounts and the Annual Governance Statement have been delegated to the Audit Committee. Where necessary, the Audit & Risk Manager may report directly to Council, but special reports may be submitted as appropriate to the Executive, the Audit Committee, a Scrutiny Committee, or the Corporate Leadership Team.

4. Internal Audit Standards

- 4.1. There is a statutory requirement for Internal Audit to work in accordance with the defined audit practices. These are set out in the PSIAS which the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed in collaboration with the Chartered Institute of Internal Auditors (CIIA). These standards have been in force since the 1st April 2013, and refreshed in April 2017 to incorporate the Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing.
- 4.2. Blaenau Gwent's Internal Audit staff will;
- Comply with relevant auditing standards;

- Comply with and promote compliance throughout the Council with all the applicable rules and policies.
- Be expected at all times to adopt a professional, reliable, independent and innovative approach to their work.
- It is essential that Internal Audit staff are, and are seen to be impartial. All Internal Audit Staff are required to complete an annual declaration of interest, in line with their professional ethics. The Audit & Risk Manager is responsible for ensuring that audit staff are not assigned to operational areas or investigations that could compromise their independence.

4.3. Internal Audit has adopted (as a minimum) the Chartered Institute of Internal Auditors (CIIA's) Code of Ethics. Where staff have attained membership with other professional bodies such as: CIPFA, ACCA, those officers must also comply with their relevant bodies ethical requirements.

4.4. Each member of the Internal Audit Section receives a copy of the Code of Ethics and signs up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as the Councils standards and policies such as the Code of Conduct. Where potential areas of conflict may arise during the year, the auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.

5. Proficiency and Due Professional Care (PSIAS 1200, 1210, 1220, 1230 and 2030)

5.1. Directors, Heads of Services, Chief Officers and Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their service.

5.2. The Audit & Risk Manager is required to manage the provision of a complete Internal Audit Service which will include reviewing the systems of internal control operating throughout the council, and will adopt a combination of system based, risk based and regularity audit.

5.3. In discharge of the duty, the Audit & Risk Manager will:

- Prepare an annual strategic risk based audit plan for formal ratification by the Audit Committee.
- The Annual Audit Plan will be flexible and may be revised to reflect changing services and risk assessments.

6. Resources and Proficiency

- 6.1. The staffing structure of the Internal Audit Section will combine professional experience and specialisms, with a mix of qualified and technician posts to reflect the varied functions of the section. The Internal Audit Service is regularly reviewed to ensure remains fit for purpose and continues to align to both professional practices and the Authority's priorities.
- 6.2. Staff resources will be kept under review by the Audit & Risk Manager, and the Chief Officer Resources in line with the requirements of the current workload.
- 6.3. The Internal Audit Section will devise and support a training plan to promote the development of experience and/or professional competence for all levels of staff in accordance with the business requirements of the section.
- 6.4. The Audit & Risk Manager must hold a professional qualification (Consultative Committee of Accountancy Bodies (CCAB) or equivalent) and be suitably experienced. The Audit & Risk Manager is a Fellow of the Association of Chartered Certified Accountants (FCCA).
- 6.5. Each job role within the Internal Audit Service will detail the prerequisite skills and competencies required for that role, outlining the professional proficiency and responsibilities of individual auditors.
- 6.6. Auditors are also required to maintain a record of their continual professional development (CPD) in line with both the PSIAS and their professional bodies.

7. Due Professional Care

7.1. Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the assignment objectives;
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant errors, fraud, or non-compliance; and
- Cost of assurance in relation to potential benefits.

8. Quality Assurance and Improvement Programme (PSIAS 1300, 1310, 1311, 1312, 1320, 1321 and 1322)

8.1. To enable the Audit & Risk Manager to assess the Internal Audit Service with regard to the conformance with PSIAS and to aid in the annual assessment of the Internal Audit Service's efficiency and effectiveness and identify opportunities for improvement, a Quality Assurance and Improvement Programme must be developed.

8.2. The Quality Assurance and Improvement Programme will include both internal and external assessments in accordance with the Public Sector Internal Audit Standards.

8.3. Where there are instances of non-conformance to the Public Sector Internal Audit Standards this will be reported to the Audit Committee and if required detailed within the Annual Governance Statement.

8.4. Internal Assessment

8.4.1. All Auditors have access to up to date business processes, working instructions, the Internal Audit Charter, Council policies, the PSIAS, journals, publications and other relevant articles. Where Auditors are members of bodies such as CIPFA, ACCA and CIIA, further guidance is available.

- 8.4.2. To maintain quality, audits are allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised; audits are monitored for progress, assessed for quality and to allow for coaching, mentoring and training.
- 8.4.3. Targets are set for individual Auditors, (such as the completion of an allocated audit within a set number of days). Audit targets and performance indicators are reported to the Audit Committee in line with the committee cycle.
- 8.4.4. In addition, progress made against the audit plan and any emerging issues (i.e. fraud or governance risks) are reported regularly to the Audit Committee.
- 8.4.5. Ongoing assessments of Auditors are carried out through regular one to one meetings, feedback from clients via quality control interviews and during the annual performance appraisal.

8.5. **External Assessment**

- 8.5.1 In compliance with the PSIAS, external assessments will be carried out at least once every five years, by a qualified, independent assessor or assessment team from outside the organisation.
- 8.5.2. An External Quality Assessment was undertaken during 2016/17 as a self-assessment with peer review in conjunction with a number of other Welsh local authorities. The assessment found the Internal Audit Service to conform to the PSIAS. The next External Quality Assessment is due during 2021/2022.

Agenda Item 12

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **29th September 2020**

Report Subject: **Code of Governance**

Portfolio Holder: **Cllr Nigel Daniels, Leader / Executive Member
Corporate Services**

Report Submitted by: **Rhian Hayden – Chief Officer - Resources
Louise Rosser – Audit and Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
12.03.20	17.03.20		29.09.20					

1. **Purpose of the Report**
 - 1.1 To present to the Audit Committee the revised Code of Governance (attached at Appendix A) for approval.
2. **Scope and Background**
 - 2.1 The report presents the revised Code of Governance to the Audit Committee for consideration and approval.
 - 2.2 The Authority has had a Code of Governance in place since November 2010. The code sets out the governance framework for the Authority and is produced in line with the CIPFA /SOLACE document “Delivering Good Governance in Local Government (revised 2016)”.
 - 2.3 The code is reviewed on at least an annual basis to ensure it reflects the current governance arrangements of the Authority. The Code forms the basis against which the Annual Governance Statement is produced. The Audit Committee will receive the draft Annual Governance Statement during a Committee later in the year.
 - 2.4 Responsibility for reviewing and approving the Code has been delegated to the Audit Committee. The revised code was considered and agreed by the Corporate Leadership Team (CLT) prior to the Covid 19 outbreak. The Code has not been changed in light of the Covid epidemic as the Governance Framework remains the same. Any changes to processes as a result of emergency measures will be reflected in the Annual Governance Statement.
 - 2.5 In line with best practice, the code incorporates the seven core principles of good governance against which the Authority measures its governance arrangements.

3. **Options for Recommendation**

- 3.1 That the Audit Committee review the Code of Governance and consider whether it:
- (1) Accurately reflects the current governance framework of the Authority, and
 - (2) It is fit for purpose as a basis against which to gather evidence for the production of the Annual Governance Statement
- 3.2 The Audit Committee may then choose to:
- Option 1
Approve and adopt the revised Code of Governance.
- Option 2
Propose amendments / alterations to the revised Code of Governance.
- Option 3
Not endorse the revised Code of Governance and retain the previous version of the Code.
- Option 4
Seek to develop an alternative Code of Governance.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1 The Code of Governance sets out the Authority's Governance Framework as prescribed by the CIPFA / Solace Delivering Good Governance in Local Government Framework (2016).
- 4.2 Production of the Code assists the Authority in achieving its Corporate Plan Priority of Efficient Council by clearly setting out how the governance arrangements of the Council are structured and operate.

5. **Implications Against Each Option**

- 5.1 There are no direct financial implications arising from the production of the Code of Governance under Options 1- 3. Option 4 could incur a cost if development of a code was procured from another source. Option 4 would also result in the delay of adopting a current Code of Governance for the Authority.
- 5.2 Failure to review / approve the Code of Governance would result in it being out of date and not reflecting the current governance framework of the Authority. This is mitigated by an annual review and update.
- 5.3 The review of the Code of Governance involves the investment of senior management time. The commitment is met from existing resources.

6. Supporting Evidence

- 6.1 The Code has been amended / updated to reflect the changes to the governance framework of the Authority over the last year. The changes to the Code this year are minimal, mainly concerning updates on regulatory activity.
Input is received from officers in all directorates to amend the code.
- 6.2 The Code of Governance sets out how the council's governance framework is shaped to ensure engagement with stakeholders and to inform the citizens of Blaenau Gwent as to how the governance arrangements of the Authority operate.
- 6.3 The production of the Code of Governance has a neutral impact against people or groups from the nine protected characteristics.

7. Monitoring Arrangements

- 7.1 An assessment of the Council's performance against the code is undertaken and reported in the Annual Governance Statement which identifies gaps and areas for improvement. This will be considered by Audit Committee later this year.

Background Documents /Electronic Links

- Appendix A – Code of Governance

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CODE OF GOVERNANCE

BLAENAU GWENT COUNTY BOROUGH COUNCIL

Last Revised: March 2020
Version 10

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LOCAL CODE OF GOVERNANCE

1.0 INTRODUCTION

Welcome to the 10th edition of the Council's Local Code of Governance.

The Local Code of Governance has been developed from a framework document and guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), but the content is very much the Council's own. The framework sets out seven core principles of good governance designed to guide local authorities in ensuring their governance arrangements ultimately facilitate the transparent, efficient and accountable use of resources for their citizens. The Council illustrates how it complies with these principles in its Code of Governance. The seven core principles of good governance laid down are as follows: -

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

These principles are not to be read in isolation as they are all interconnected and overlap or merge with each other.

Blaenau Gwent County Borough Council operates through a Governance Framework which brings together an underlying set of legislative requirements, governance principles and management processes. This document aims to codify this framework and enable the Council to transparently demonstrate how it operates against the best standards of Governance and judge and measure any necessary improvements.

The Leader and Members of the Council along with the Managing Director and Corporate Leadership Team have endorsed and commended this Local Code as a framework to conduct business to deliver improvements for the people of Blaenau Gwent.

The Council has delegated the monitoring of compliance with the Code and monitoring its effectiveness to its Audit Committee. Following a review of the Code of Governance and how well or otherwise it is working, the resultant report – its Annual Governance Statement will be considered by the Audit

Committee to test the level of assurance received concerning the application of the Code.

The Code will be reviewed annually, the results of which will be included in future Annual Governance Statements.

Local Authorities continue to be monitored by inspectors and regulators. Progress has been made against the recommendations of Regulators' reports which are helping to shape the Governance Framework of the Authority. Work has been undertaken to review the number of 'open' proposals for improvement throughout the Council. An update has been provided against all proposals in order to establish what has been completed and where further work is required. The work has enabled the streamlining of activity and more focused monitoring as part of the Joint Finance and Performance Report.

In June 2019 the WAO published their Annual Improvement Report for 2018-19. The conclusion of the report was, based on and limited to the work carried out, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (Wales) 2009, during 2019-20. However, the Council faces significant financial pressures which will need continued attention on the short and medium term to reach a stable and sustainable position. All relevant Audit Compliance Certificates have been received.

2.0 ELEMENTS OF CORPORATE GOVERNANCE

To achieve the principles of good Corporate Governance, the Council supports and will apply the seven Core Principles, and their related supporting principles, as follows: -

2.1 Core Principle A

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

The Council recognises that the openness, integrity and accountability of individuals within an organisation form the cornerstone of effective corporate governance. The Council's credibility and reputation depends upon high standards of behaviour from its staff, Members and representatives and aims to have shared values across all these groups. The Council's Corporate Plan 2018/22 contains a set of shared values, namely:

- Proud and Ambitious;
- Trust and Integrity;
- Working Together;
- Raising Aspirations; and
- Fair and Equal.

Therefore, the Council aims to operate within a culture of behaviour

based on shared values, ethical principles and good conduct and expects its senior members and management to exercise leadership in promoting these principles.

The Council will achieve this by holding, communicating and keeping under review: -

- A Member Code of Conduct
- An Officer Code of Conduct
- Council Constitution
- Frameworks for Scrutiny and Executive
- Informal protocols re: Complaints – Members and Officers
- Registers of Interest for Members and Officers
- Procedural rules for Members and Officers to declare an interest in the business under consideration at all Committees and Council
- Each Committee has an advisory officer to promote the appropriate conduct of meetings
- Contract Procedure Rules
- An Anti-Fraud, Anti-Corruption and Anti-Bribery Policy including a fraud hotline
- Defined Competency Framework for staff
- A Whistleblowing Policy
- The operation of a Standards Committee including independent external membership with defined terms of reference
- A delegated responsibility for key officers regarding fraud, codes of conduct, standards and whistleblowing
- An Internal Audit Service and an Audit Committee as part of the Council's assurance framework
- The maintenance of an Annual Schedule of Member Remuneration, the holding of a register to record payments and annual publication in the local press
- Induction training for Officers and Members including standards of behaviour expected and ongoing Member Development Programme
- Member Competency Framework and Personal Development Reviews to inform individual Member development as well as the Member Development Strategy and Training Programme
- A formal opportunity for all Members at the beginning of a meeting to declare their interests

The Council has set out minimum standards of behaviour and has provided guidelines to help maintain and improve standards. These include a Dignity at Work Policy in addition to its Codes of Conduct and Whistleblowing Policy. In 2019/20 no complaints against Members were made to the ombudsman. For 2018/19 eight complaints of maladministration were made of which, one was closed after initial consideration, two were considered to be submitted prematurely, two were out of jurisdiction, two were settled early and one was ongoing.

The Council has adopted a Constitution which:

- Clearly defines those functions which will be reserved to the full Council for decision, those decisions which will be taken by the Executive or its individual members, and those which are delegated to senior officers. The full Council sets the strategic direction through the adoption of major policies and the budget, the Executive takes major decisions within the overall policy and budget framework, helping to develop new policies. Officers take day to day decisions within the policy and budget framework.
- Sets out the responsibilities and procedures for decision making. Decisions which can be taken by the Executive and the other Committees and full Council are shown in sections 4-7 of the Constitution. In addition, the Council's policies and protocols set out the processes that must be followed in decision making e.g. Organisation Development Policies, Licensing and Planning Applications, Appeals, tabling motions at Committees.
- Establishes through the Overview and Scrutiny Committees a robust overview and scrutiny role. These Committees between them have powers to review and scrutinise decisions relating to any of the Council's activities, including considering policy issues referred to them by the Council or the Executive.
- Sets out clearly the role of the Leader and Executive and in particular makes it clear that they are responsible for providing effective strategic leadership to ensure the Council successfully discharges its overall responsibilities for the activities of the organisation as a whole.
- Operates two Regulatory Committees – Planning, Regulatory and General Licensing and Statutory Licensing which have specific powers delegated to them by the Council.
- Makes clear the roles of all Councillors both in their formal decision making/policy development role and as local members.

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution contains comprehensive Financial Procedure Rules and Contract Procedure Rules in sections 16 and 17, governing the process to be adopted in conducting the Council's business.

The Constitution and other formal documents set out clear protocols and codes of conduct to ensure that the requirements and boundaries of decision making are clear to Members:

- Members' Code of Conduct
- Standards Procedures

- Code of Conduct on Planning Matters
- Roles and responsibilities of Overview and Scrutiny Committees
- Local Member / Officer Protocol

In addition, there are a set of Employment Policies which clearly inform officers on expectations in the decision making process.

The Council actively recognises the limits of lawful activity placed upon them whilst also striving to utilise powers to the full benefit of their communities through: -

- Legal and Financial
- advice in the preparation of Council, Committee and Executive reports
- The availability of the legal advice at the meetings of the Council, the Executive and Statutory Committees
- Professional development and training (including multi-agency training for Adult and Children's Services' Social Care staff in particular)
- The Council's policies and protocols setting out the processes
- Impact Assessment processes

2.2 Core Principle B

Ensuring openness and comprehensive stakeholder engagement.

The Council recognises its primary purpose in delivering services for the people of Blaenau Gwent and the specific need to engage with them and other stakeholders in planning services to be delivered and to be accountable to them for those services.

The Council aims to achieve this by: -

- Clear lines of communication with people and organisations to which the Council is accountable.
- Clear statements of the role of its members in their various offices.
- Clear statements of the roles and accountabilities of staff in their job descriptions.
- Terms of reference for the Council's committees and holding them open to the public.
- A clear statement of strategic priorities, activity and performance indicators as included within the Corporate Plan 2018/22. The Plan's priorities act as both Well-being and Improvement Objectives thus fulfilling the corporate duty under the Well-being

of Future Generations Act (2015) and Local Government (Wales) Measure.

- Operation of an effective complaints procedure.
- Staff consultation and engagement in decision making.
- Ensuring staff are clearly accessible to the public through meetings, telephone availability, email and where appropriate home visits.
- By ensuring partner arrangements and procurement arrangements are similarly clear about accountabilities.

The Public Service Board's Well-being Plan outlines the objectives for improving well-being in Blaenau Gwent and meeting the collective duties under the Well-being of Future Generations (Wales) Act (2015). It is the result of an extensive process of ongoing conversations and analysis of the evidence to build up a picture of what well-being looks like here and what we can do to improve it.

The Plan sets out five objectives which are considered have real power to bring about changes, that are the most urgent and that the evidence tells us need to combine forces of the Public Services Board partners to deliver and improve well-being. These are:

- Safe and friendly communities
- To look after and protect the environment
- To encourage and enable people to make healthy lifestyle choices in places that they live, learn, work and play
- To forge new pathways to prosperity
- The best start in life for everyone

The Council's Customer Services Strategy sets out a commitment to deliver streamlined, user friendly and cost effective services. This includes:

- More choice and convenience in access to services
- More customer involvement in how services are planned, reviewed and evaluated;
- Expressions of dissatisfaction (complaints) being dealt with in a consistent way, and putting things right if they are not done well (redress). The complaints policy has been re-drafted in line with WG guidance and endorsed by Council.
- Development of more self service functions through a wide number of channels; and
- Making it easier for residents to find information about Council

services using traditional and digital channels.

A new Corporate Communications Strategy linked to the Council's Commercial 2020-24 has been approved by Council. The strategy has six key drivers with the aim of delivering excellent, innovative and cost effective two way communications with key target audiences. Its overall aim is to build a positive reputation for the Council to create trust and confidence in Council services.

The Council continues to develop the way in which it engages with the community. We have refreshed the Citizens Panel's membership and integrated it with other engagement activity.

Engagement activities during 2019/20 include

- Side Waste and Street Scene Engagement
- Budget Challenge Engagement.
- Strategic Equality Plan Engagement which included holding a special Voices of our Valleys Forum.
- Age Friendly Communities Programme Engagement

By adopting a set of customer care standards supported by a complaints procedure the Council aims to: -

- Have a robust community planning process with its Public Service Board (PSB) partners.
- Understand the priorities of the local area through engagement mechanisms, consultation on specific projects and other public engagement mechanisms (as detailed above).
- Publish an Annual Scrutiny Report incorporating progress against the year's work programme.
- Set out the priorities for the Council in the Corporate Plan, and provide a balanced view of performance against them on an annual basis.

The Council continues to develop its use of social media such as Twitter and Facebook and to support the development of digital channels for future service delivery.

The Council will ensure its users have the opportunity to influence, and receive high quality of service and make the best use of resources to deliver excellent value for money.

2.3 Core Principle C

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

The purpose of the Public Services Boards (PSBs) is to improve the

economic, social, environmental and cultural well-being in its area by strengthening joint working across all public services in Wales. The Well-being of Future Generations (Wales) Act 2015 established statutory PSBs which replaced the voluntary Local Service Boards in each local authority area.

Each PSB must prepare and publish a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan. It must say:

- Why the PSB feels their objectives will contribute within their local area to achieving the well-being goals
- How it has had regard to the assessment of Local Well-being in setting the objectives and steps to take.

Each PSB will carry out an annual review of their plan showing their progress. When producing their assessments of local well-being and Local Well-being Plan, PSBs must consult widely.

The Statutory Members of each PSB are:

- The Local Authority
- The Local Health Authority
- The Local Health Board
- The Fire and Rescue Authority
- Natural Resources Wales

In addition to the statutory members each PSB will invite the following people to participate:

- Welsh Ministers
- Chief Constables
- The Police and Crime Commissioner
- Certain Probation Services
- At least one body representing relevant voluntary organisations

PSBs will also be able to invite other public service organisations to participate.

The Well-being of Future Generations (Wales) Act 2015 places a duty on each public body to carry out sustainable development. Sustainable Development is defined as a process of improving the economic, social, environmental and cultural wellbeing of Wales. This needs to be done by taking action in accordance with the sustainable development principles so that the well-being goals are achieved.

The application of the five ways of working identified in the act is how public bodies are able to maximise their contribution to the National Well-being Goals.

In addition to the Codes of Conduct and protocols referred to under Core Principle A, the Council seeks to maintain high standards in the conduct of its business and avoid prejudice, bias and conflicts of interest. This is to be achieved through the development of a Strategic Equality Plan, a Welsh Language Promotion strategy, in line with the requirements of the Welsh Language Standards, and various engagement forums such as; Youth Forum, 50+ Forum and Access for All Forum.

The Equality Act 2010 (the Act from here on in) came into operation on the 6th April 2011. The Act replaced the existing 116 different pieces of law relating to equality, and put them all together in one piece of legislation. The Act strengthens the law in important ways, and in some respects extends current law to help tackle discrimination and inequality.

The Council's Strategic Equality Plan (2016-2020), which came into effect from 1st April 2016, has four objectives to be delivered over a four-year period. These objectives are:

1. Make equality vital in decision making and service provision.
2. Be an equal opportunity employer with a workforce that is aware of, and understands the equality agenda.
3. Do our best to protect and support those people in our community that need it most.
4. Promoting understanding and acceptance of diversity within our communities.

The plan can be viewed on the Council's equality page at <https://www.blaenau-gwent.gov.uk/en/council/equalities-welsh-language/equality-information-advice/>

2.4 Core Principle D

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

Leadership is exercised by clearly communicating the Council's purpose and vision for Blaenau Gwent and its intended outcomes for its citizens and service users. The Council continues to take some difficult decisions such as looking at alternative forms of service delivery. The challenges for service redesign and delivery alongside significant financial constraints have necessitated an enhanced approach to the delivery of critical transformation work across all Council service areas.

The Council exerts a wider influence within the community and also delivers services through a mixture of procurement, in-house provision and partnerships to help achieve these outcomes.

The Council's business planning is more robust and has enhanced its self-evaluation processes, by further developing the guidance documentation and forms. Following the introduction of the Local Government Bill in 2020, the Council's self-evaluation process will be

reviewed in line with this legislation. The business planning process has also become more streamlined with the incorporation of Performance Indicators, Risk, Business Continuity, EQIA, the Environment Act and proposals for improvement from auditors into one monitoring form on a central system. The self-evaluation process directly links to the business planning process.

The Council prepares an Annual Budget to resource its service priorities. A Medium Term Financial Strategy is updated at least annually with the most recent version, endorsed by Council in December 2019, and includes projections up to 2024/25 to aid improved service planning. The MTFS is next due for review in Spring 2020.

2.5 Core Principle E

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

The Council strives to ensure continuous improvement in the delivery of its services through its improvement planning process and its Performance Management Framework, and has strengthened these arrangements to align them with risk management as well as identifying levels of accountability.

The remit of the Wider Corporate Leadership Team (WCLT) has been reviewed. Its broad purpose is to effectively support the Corporate Leadership Team in its role in providing strategic direction to the organisation. The WCLT is also a forum that takes a distributed leadership approach to disseminate information and communication messages, network with colleagues and peers and provide personal development opportunities.

Ensuring that Members and Officers have the necessary skills to operate a multi-million-pound business that provides a range of different services is one of the most important aspects of Governance. The training needs of Members is undertaken as part of the development of the Committee Forward Work Programmes as well as through the Member Competency Framework and Personal Development Reviews. The Council was awarded the Wales Charter for Member Support and Development (Level 1) in August 2018.

The Council will ensure those responsible for Governance of the Council will have the necessary skills, knowledge and experience they need to perform well.

The Council will achieve this by:

- Continuing with its Member Training Programme and mandatory training programme including the Member Development

Strategy.

- Member briefings on issues of importance to the Council.
- Induction training and professional advice for Members.
- Introduction of skills and experience requirements for special responsibility posts.
- Continuing to develop Information Communication Technology (ICT) support for Members to give a better understanding of modern administration and to improve communication.
- Operating a competence framework for Officers and Members.
- Mentoring programme for Elected Members.
- Arrangements for Members sitting on Outside Bodies to report their progress to Council.
- A Recruitment Charter ensuring the Council employ staff with necessary qualifications and experience to carry out the role expected of them.
- Performance coaching in place for all staff and departmental monitoring.
- The Head of Paid Service is responsible for ensuring that the Council's officer establishment is appropriately staffed to deliver the service priorities of the Council. In practice much of this responsibility is delegated to Directors, Chief Officers and Heads of Service.
- The Section 151 Officer and Monitoring Officer and Head of Democratic Services will determine the requirements to discharge their statutory roles.
- This aspect of Governance (resourcing the staff requirements of the Council) is expected to be particularly challenging over the medium term because of ongoing financial challenges. The Council's Medium Term Financial Strategy (MTFS) includes financial savings plans which have resulted in staff downsizing.
- The MTFS looks forward over the next five years (2019/20 to 2024/25) to assess the spending pressures the Council is likely to face and the level of savings that will need to be made.
- The Council benefits from its membership of the Welsh Local Government Association which provides support and assistance over a range of Council functions and responsibilities. Similar support is available to members of different professional bodies

across the Council.

- The Council remains committed to promoting health and well-being to its employees through periodic staff surveys and staff engagement.
- The Council will expect similar values of staff development and empowerment of its partners and agents in service delivery.

The Council recognises the need to have effective political and management structures and processes to govern decision making and the exercise of authority within the organisation. It believes it is important that all those involved in planning and delivering a service understand each other's roles and responsibilities and how together they can deliver the best possible outcomes.

To help achieve this, the Council's constitution clearly lays out its service portfolios and the role of and responsibility of all Members, along with those decisions retained by Council.

It specifically lays out the roles and responsibilities of the Executive Committee and its Executive Members, Scrutiny Committees and their Chairs, Scrutiny Members and Regulatory Committee Chairs and Members.

It identifies the Leader and Deputy Leader as having a specific role in providing leadership and also in undertaking an ambassadorial role.

Membership of all political posts is determined each year at the Council's Annual General Meeting (including representational roles). The Democratic Services Committee keeps the roles and responsibilities under review. Additionally, the Council provides induction training for all new Members along with professional advice and a training programme available for all Members' participation.

Minutes are kept for all formal Committee meetings recording decisions made.

Briefing sessions are provided to Chairs and Vice Chairs of Committees in advance of Committee meetings and wider briefings are organised on specific issues.

Similarly, on the Officer side, the Constitution lays out the Scheme of Delegation to Directors, Chief Officers and Senior Officers.

In particular, four statutory appointments of Head of Paid Service (Managing Director), Monitoring Officer (Head of Legal and Corporate Compliance) Section 151 Officer (Chief Officer - Resources) and Head of Democratic Services (Head of Governance and Partnerships) are included along with their specific roles and responsibilities. This helps ensure Members receive appropriate professional financial, legal and other advice.

Similarly, the Council has the statutory roles of the Corporate Director of Education and Corporate Director of Social Services.

The Managing Director is responsible for all aspects of operational management and in practice operates this through a scheme of delegation.

The Chief Officer – Resources is responsible to the Council for ensuring that appropriate advice is given on all financial matters for keeping proper financial records and accounts, and for maintaining an effective system of internal control.

The Head of Legal and Corporate Compliance (Monitoring Officer) is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

The Council has agreed a revised Corporate Leadership Structure from April 2018 which is intended to put in place the strategic capacity and capability needed within the Council to address future challenges, with clear role definition and job descriptions for all posts.

To help clarify their respective roles the Council follows a Member/Officer protocol which is included in the Constitution.

The Council ensures effective management arrangements are in place and operates a Corporate Leadership Team of Managing Director, Corporate Directors and Chief Officers, supported by a Wider Leadership Team of Heads of Service; together these ensure effective communication across all of the services of the Council.

2.6 Core Principle F

Managing risks and performance through robust internal control and strong public financial management.

The Council will consider regularly its performance in achieving its key objectives through: -

- Development of Business Plans at all levels.
- The setting of performance targets against all measures both national and local.
- The understanding and analysis of comparative and trend data to develop targets.
- Development, at all service and directorate levels, of both national and local data of priorities linked to the strategic outcomes.
- Keeping value for money under review.
- Reviews of service provision and priorities.

- Preparation of externally audited accounts.
- Annual approval of budgets and regular consideration of budget reports.
- An effective member scrutiny function for all services to include performance and finance as part of their terms of reference.
- Arrangements to deal with service failure.
- Monitoring of partnership arrangements.
- Testing customer satisfaction.
- Operating effective internal controls.
- Monitoring complaints.
- Ensuring competition in relevant service provision and proper contract management.
- Service and Directorate Risk Registers which will be effective and proactively used and reported.
- External audit scrutiny by WAO and other regulators, through their regulatory plan.
- Maintaining an effective Internal Audit Service and Audit Committee.

The Council has an Audit Committee which is politically balanced. It meets on a regular basis and is advised by the Council's Audit and Risk Manager, and is normally attended by representatives of the Council's External Auditors. Members receive training on the special role of the Audit Committee.

Under the requirements of the Local Government Measure 2011 the role and purpose of Audit Committee and its membership have been reviewed to ensure that it is set up to improve strategic planning and facilitate both scrutiny and challenge within the structures of the Council. The Audit Committee has the following functions:

- Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements.
- Oversee the Authority's risk management, internal control and corporate governance arrangements.
- Oversee the Authority's audit arrangements and review its financial statements.

The Council has adopted a Risk Management Strategy with the ultimate aim of embedding a consistent and effective approach to Risk Management throughout the whole Council. The strategy is supported by a Risk Management Handbook (guidance)

The Risk Management Framework identifies the roles and responsibilities of Members and Officers, guidance on how to describe risk, and guidance on how to evaluate and assess risk. The framework requires that risk registers be maintained at Service / Department /

Project levels and that these will support and feed the Corporate Risk Register which holds the most significant risks faced by the Council.

Regulatory Committees will take decisions based upon detailed reports with any late information being referred to in the minutes. Overview and Scrutiny Committees when undertaking work requested by Council or the Executive, or when undertaking their own investigations, will agree reports containing the evidence which was considered to be material.

Education services are regulated in Wales by Estyn. The Estyn framework for inspecting local authority education services has been revised and is known as Local Government Education Services for Children and Young People (LAESCYP). The inspection of local authority education services covers the statutory functions of the local authority, including the local authority youth service. In addition, it includes inspection of the partnership arrangements for Youth Support Services(YSS).

2.7 Core Principle G

Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Council has an effective Internal Audit Service that works to an approved, risk assessed audit plan. The results of the audit work undertaken inform the annual opinion of the Audit and Risk Manager with regard to level of assurance provided by the Council's internal control environment.

The Executive and Council reports will contain all the information, evidence and comments needed to take decisions. The decisions of the Committees are formally recorded in minutes and within the decision sheet for Executive Committee decisions.

The Corporate Report Template has been reviewed so that it captures the required information in order to support discussion and decision making.

The Monitoring Officer is available to give advice to Members and staff on conflicts of interest and determine the public interest on Council agendas.

The performance management function in Corporate Services, Education, Social Services and Waste Services was consolidated into one central team. This team works under the Head of Governance and Partnerships in the Corporate Services Directorate. The Council's Corporate Performance Management Framework includes the quarterly

reporting of the Joint Performance and Finance Report to Corporate Overview Scrutiny Committee and Executive Committee. Reporting includes progress updates against strategic priorities, the Councils most significant risks, regulatory update, financial position and core performance indicators.

The Council recognises the importance of partnership working and takes a lead role in the development of governance arrangements of the key strategic partnerships. When working in partnership the Council aims to have clear governance arrangements in place providing clarity about legal status, roles and responsibilities of partners.

3.0 MONITORING AND REVIEW

The Council has recognised that it needs to clearly evidence its governance arrangements.

This is the latest version of a formal Code of Governance for Blaenau Gwent and the Council is committed to keeping the Code under review and importantly to learn from its adoption to improve Governance arrangements “on the ground” for the benefit of the people of Blaenau Gwent.

The product of this review and other work will be included in the publication of the Annual Governance Statement.

It is intended that the review will provide an evidence base for the conclusions reached and importantly an action plan to be followed to ensure continuous improvement in the Council’s Governance arrangements.

The Annual Governance Statement is to be considered by the Council’s Audit Committee, to whom Council will delegate the role of seeking assurance of the effectiveness of the various arrangements described in this Code.

This will include a review of the evidence framework prepared to support the Governance Statement including the policy documents, standard operating procedures and guidance used along with consideration of their effectiveness.

Agenda Item 13

Executive Committee and Council only

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Audit Committee**

Date of meeting: **29th September 2020**

Report Subject: **Audit Plan Outturn 2019-20**

Portfolio Holder: **Cllr. Nigel Daniels, Leader / Executive Member
Corporate Services**

Report Submitted by: **Rhian Hayden – Chief Officer Resources
Louise Rosser – Audit & Risk Manager**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
Virtual	03.09.20		29.09.20					

1. Purpose of the Report

- 1.1 The purpose of the report is to update the Audit Committee on the overall outturn position of the Audit Plan for the financial year 2019-20.

2. Scope and Background

- 2.1 The report highlights the work undertaken by the Internal Audit Service and complies with the Public Sector Internal Audit Standards (PSIAS).
- 2.2 The Internal Audit Plan is based on formal risk assessments, with the work planned on a five year rolling programme. The Audit Plan for the period 2019-2024 was considered and agreed by the Audit Committee in July 2019.
- 2.3 Progress against the Audit Plan has been reported to the Audit Committee throughout the financial year and this report provides a summary of the overall achievement for the year.

3. Options for Recommendation

- 3.1 The Audit Committee considers this report and the Appendices, and notes the levels of audit coverage in each service area, the plan outturn for the financial year and the performance of the Internal Audit Service for the financial year 2019/20.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

- 4.1 In line with the Corporate Plan Priority of being an efficient Council, presentation of the Internal Audit output for the financial year demonstrates the breadth of the audit coverage of the Council's systems and internal

controls. In doing this it also enables the Chief Officer Resources to satisfy her statutory duties under section 151 of the Local Government Act (1972) in providing an effective Internal Audit Service.

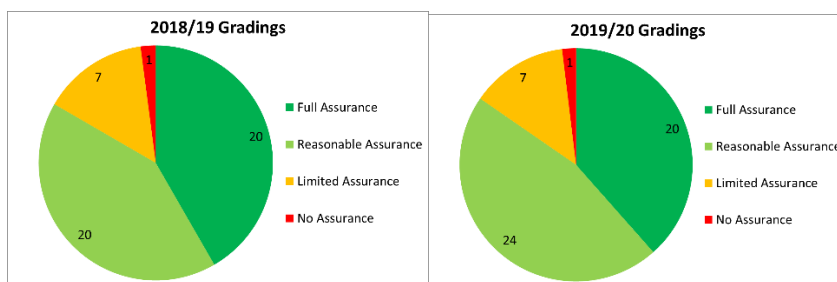
- 4.2 The Audit Committee, in their role as those responsible for governance, and in compliance with the PSIASSs, have a responsibility to oversee the performance of the Internal Audit function including receiving a summary of the work upon which the Audit & Risk Manager will base her annual audit opinion.

5. Implications Against Each Option

- 5.1 There are no direct financial implications resulting from this report.
- 5.2 The audit plan outturn demonstrates the breadth of audit coverage to provide assurance that key areas of concern and areas deemed to have the highest risk priority have been examined during the financial year.
Failure to cover sufficient audit areas exposes the Authority to the risk that weaknesses within specific systems within the Authority's control environment are not being identified, increasing the risk of fraud and error.
- 5.3 In addition, the Section 151 Officer will not be able to discharge their statutory duties that require the provision of an adequate audit service. This is achieved in part by ensuring the audit service provide sufficient coverage of the Authority's internal control environment, as demonstrated in the audit plan outturn.
- 5.4 The section has a complement of six full time posts. During 2019/20 the section has had a member of staff on long term sickness absence which ended in December 2019.

6. Supporting Evidence

- 6.1 Appendix A shows all audits undertaken during the financial year and their status as at 31st March 2020 including their actual or provisional grading (where applicable). Where a provisional grading has been issued the report has not been cleared by the service area and could be subject to change. Performance data for the Section for the period to 31st March 2020 is presented at Appendix B. Appendix C illustrates the spread of audit gradings issued during the year compared to the previous year. Appendix D shows the actual audit coverage compared to planned audit coverage by department, based on completed jobs in the year.
- 6.2 Results of audits undertaken during the year have shown improvement with an increase in Reasonable Assurance gradings and a proportional reduction in Limited Assurance gradings as illustrated in the pie charts below. There were 52 graded audits issued for 2019/20, including 1 No Assurance grading relating to an investigation. In addition to the graded audits, 7 follow up audits have also been conducted.



- 6.3 Provision of sufficient audit coverage supports the Audit Committee in fulfilling its assurance role to the citizens of Blaenau Gwent.
- 6.4 The Internal Audit Service completed 65.31% of the audit plan against a target of 75%. This was due to a combination of circumstances during the year that included the retirement of the Principle Auditor, the appointment of an Audit Apprentice, a staff absence and latterly the impact of the Covid 19 pandemic causing a delay in the issue of some systems audits usually concluded during March.
- 6.5 The section's sickness for the period to 31st March 2020 is an average of 7.33 days per person against a departmental target of 6 days per person. This was due to the long term absence of one member of staff following a bereavement.

7. Monitoring Arrangements

- 7.1 The levels of audit coverage and the gradings of individual audits will inform the annual opinion of the Audit & Risk Manager to be presented to the Audit Committee.

Background Documents /Electronic Links

- Appendix A – Audit Plan Outturn 2019-20
- Appendix B – Performance Indicators 2019-20
- Appendix C – Audit Gradings 2019-20
- Appendix D – Audit Coverage by Department 2019-20

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AUDIT PLAN OUTTURN 2019/20

Appendix A

AUDIT PLAN 2019/20 - RESOURCES		
AUDIT AREA	AUDIT OPINION	COMMENTS
Financial Services		
Education Improvement Grant	Full Assurance	Completed
Pupil Development Grant	Full Assurance	Completed
Bank Reconciliation	Reasonable Assurance	Draft
Creditors Reconciliation	Reasonable Assurance	Completed
Budgetary Control Monitoring (CRSA)	Full Assurance	Completed
Creditors Central (CRSA)	Full Assurance	Completed
Reserves and Balances Protocol	Full Assurance	Completed
Bedwellty House and Park Charity Accounts	Not Applicable	Completed
Ebbw Vale Recreation Ground Charity Accounts	Not Applicable	Completed
Revenue Services		
Council Tax (CRSA)	Full Assurance	Completed
Debtors (Social Services) (CRSA)	Full Assurance	(Provisional)
NDR (CRSA)	Full Assurance	Completed
Debtors System (CRSA)	Full Assurance	Completed
Debtors Reconciliation	Full Assurance	Completed
Property Charges Follow Up	Not Applicable	Completed
Audit, Insurance and Risk Management		
Insurance	Reasonable Assurance	Draft
AUDIT PLAN 2019/20 - COMMERCIAL		
AUDIT AREA	AUDIT OPINION	COMMENTS
Customer Services		
Housing Benefits	Full Assurance	Completed
Cashiers	Full Assurance	Completed
Digital and ICT		
Back Up and Retention Follow Up	Not Applicable	Completed
User Access	Not Applicable	Deferred
Procurement		
Purchasing	Reasonable Assurance	Completed
Bravo CMS Follow Up	Not Applicable	Ongoing
Workforce Management		
iTrent Project	Not Applicable	Deferred
Payroll System (CRSA)	Reasonable Assurance	Completed
Settlement Agreements	Not Applicable	Deferred
Health and Safety	Limited Assurance	Completed
Communications		
Social Media Accounts	Limited Assurance	Completed
AUDIT PLAN 2019/20 - LEGAL AND CORPORATE SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
Commercial, Property & Information Governance		
GDPR	Reasonable Assurance	Completed
Corporate Services and Registration		
Local Land Charges	Not Applicable	Ongoing
AUDIT PLAN 2019/20 - GOVERNANCE AND PARTNERSHIPS		
AUDIT AREA	AUDIT OPINION	COMMENTS
Corporate Performance, IT, Scrutiny and Democratic Services		
Business Planning Improvement and Data	Limited Assurance	Draft (Provisional)
Partnership and Policy		
Strategic Policy inc. Welsh Language & Equalities	Reasonable Assurance	Draft (Provisional)
AUDIT PLAN 2019/20 - REGENERATION AND COMMUNITY SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
Frontline Integrated services		
Street Lighting	Not Applicable	Ongoing
Waste Disposal	Not Applicable	Ongoing
Building Cleaning	Full Assurance	Completed
Building Cleaning Follow Up	Not Applicable	Completed
Property		
Corporate Landlord CRC	Full Assurance	Completed
Public Protection		
Enable Grant	Reasonable Assurance	Completed
Homelessness Grant	Full Assurance	Completed
Cold Weather Grant	Full Assurance	Completed
Rent Smart Wales	Limited Assurance	Completed
Housing Allocations	Reasonable Assurance	Completed
Cwmcrachen Follow Up	Not Applicable	Completed
Development Control		
Planning Policy (inc. LDP)	Reasonable Assurance	Completed
Building Control Follow Up	Not Applicable	Completed
Estates and Asset Management		
Disposal of Surplus Land	Reasonable Assurance	Completed
Regeneration and Thriving Communities		
General Offices	Limited Assurance	Draft
Legacy Fund Grant	Limited Assurance	Completed
AUDIT PLAN 2019/20 - EDUCATION		
AUDIT AREA	AUDIT OPINION	COMMENTS
Education Transformation		
Control Risk Self Assessment	Reasonable Assurance	Completed
School System (Sims Functionality)	Reasonable Assurance	Completed
School System (Inventory)	Reasonable Assurance	Completed
School System - (Purchasing)	Reasonable Assurance	Completed
School System - (Equalities and Bullying) Follow Up	Not Applicable	Completed
21st Century School	Reasonable Assurance	Completed
River Centre 3-16 Learning Community	Reasonable Assurance	Completed
Inclusion Services		
Elected Home Education	Reasonable Assurance	Completed
Youth Services		
Youth Support Grant	Full Assurance	Completed
AUDIT PLAN 2019/20 - SOCIAL SERVICES		
AUDIT AREA	AUDIT OPINION	COMMENTS
Development and Commissioning		
Supporting People Outcomes Grant	Reasonable Assurance	Completed
Supporting People Grant	Full Assurance	Completed
Supporting People RDC Post	Full Assurance	Completed
Commissioning	Reasonable Assurance	Draft (Provisional)
Long Term Care		
Community Care (East & West)	Not Applicable	Ongoing
Provider Services		
Cwrt Mytton (18/19)	Reasonable Assurance	Completed
Safeguarding & 14+		
14+ (inc. Leaving Care)	Full Assurance	Completed
AUDIT PLAN 2019/20 - CORPORATE		
AUDIT AREA	AUDIT OPINION	COMMENTS
Contracts > £75k (18/19)	Reasonable Assurance	Completed
Contracts Variations (18/19)	Reasonable Assurance	Completed
Departmental Flexi System Use	Limited Assurance	Draft (Provisional)
Special Investigation - Youth Service Bus	Reasonable Assurance	Completed
Special Investigation - Business Resource Centre	No Assurance	Completed

Grading	No of Audits	Percentage
Full Assurance	20	38%
Reasonable Assurance	24	46%
Limited Assurance	7	13%
No Assurance	1	2%
Not Applicable	-	-

Follow ups
Backup and Retention
Equalities and Bullying (Schools)
Property Charges
Cwmcrachen Electricity Supply
Bravo CMS
Building Control
Building Cleaning

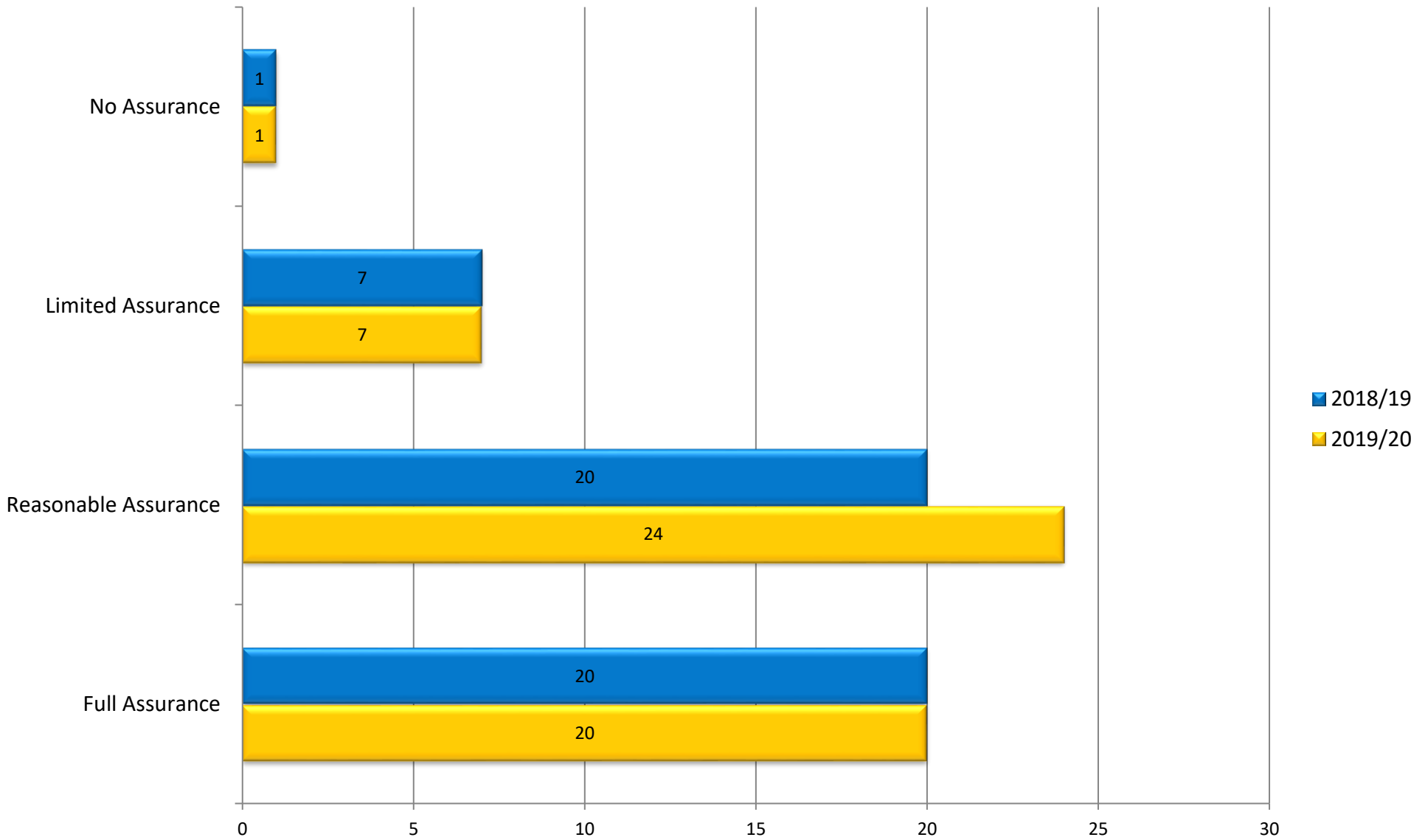
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INTERNAL AUDIT SECTIONPERFORMANCE INDICATORS 2019/20

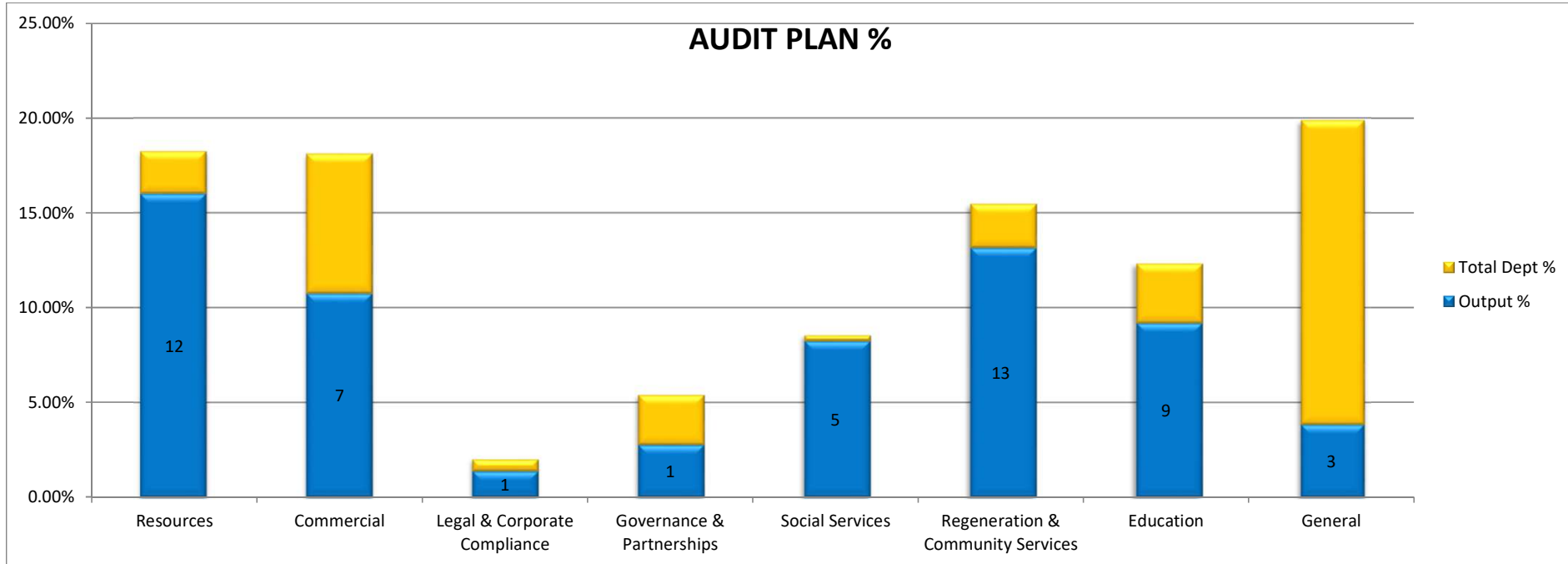
	Performance Indicator	2018/19 Target	2018/19 Actual to Month 12	2019/20 Target	2019/20 Actual to Month 12	RAG Rating
Local PI	Audit Plan Completion %	83%	70.45%	75%	65.31%	Red
Local PI	% of Agreed Actions for Weaknesses Identified	90%	100%	90%	100%	Green
Local PI	% of Agreed Actions completed after 6 months	80%	80%	80%	84%	Green
Local PI	% of Audit Clients at least "satisfied" with the service	95%	97%	95%	100%	Green
Local PI	Average number of days taken to issue Final Reports	5 days	1.28 days	5 days	2.4 days	Green
Local PI	% of Audits completed within time allocated	75%	91%	75%	87%	Green
Local PI	% of Performance Reviews undertaken within previous 12 months	100%	100%	100%	100%	Green
Local PI	Average number of sick days per person (cumulative average)	5 days	15.83 days	6 days	7.33 days	Red

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Gradings 2018/19 vs 2019/20



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Department	Total Department %	Output %	Completed Audits
Resources	18.24%	16.01%	12
Commercial	18.11%	10.75%	7
Legal & Corporate Compliance	2.01%	1.38%	1
Governance & Partnerships	5.41%	2.77%	1
Social Services	8.55%	8.24%	5
Regeneration & Community Services	15.47%	13.14%	13
Education	12.33%	9.18%	9
General	19.87%	3.84%	3
Total	100.00%	65.31%	51

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Agenda Item 14

Executive Committee and Council only

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Audit Committee**

Date of meeting: **29th September 2020**

Report Subject: **Annual Update – Use of Powers under the Regulation of Investigatory Powers Act (RIPA) 2000**

Portfolio Holder: **Leader – Cllr Nigel Daniels**

Report Submitted by: **Head of Legal & Corporate Compliance**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
17.9.20	24.9.20		29.9.20					

1. **Purpose of the Report**
 - 1.1 The purpose of the report is to provide the Audit Committee with information relating to the Council's use of statutory powers under the Regulation of Investigatory Powers Act (RIPA) 2000 for the period 2019/2020, as required under the Council's RIPA policy and procedures.
2. **Scope and Background**
 - 2.1 The Council can only undertake covert surveillance if the proposed operation is authorised internally by one of the named authorising officers and any proposed surveillance must also be approved by the Magistrates' Court. A Council can only use directed surveillance if it is necessary to prevent or detect criminal offences which attract a custodial sentence of six months or more, or criminal offences relating to the underage sale of alcohol or tobacco. The use of the Council's powers under RIPA has reduced significantly over recent years and this is a trend noted across the UK. Use of the powers has to be demonstrated to be proportionate to what is sought to be achieved. For most areas of Council activity, it would not be proportionate to utilise the powers.
 - 2.2 The Audit Committee monitors activity in this area, and this report contains information which seeks to provide an assurance on the effective operation of the Council's policy in relation to the Act. The information provided covers the period 1st August 2019 – 31st July 2020.
3. **Options for Recommendation**
 - Option 1**

That the Audit Committee considers and accepts the information in the report which is given as assurance that appropriate oversight and monitoring is taking place.

Option 2

That the Audit Committee considers the information contained in the report and provides specific comment.

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

This topic relates to statutory regulation and compliance and also links to the Council's objective of efficient Council within the Corporate Plan.

5. Implications Against Each Option

5.1 *Impact on Budget (short and long term impact)*

There is a budget implication in terms of the cost of providing ongoing training for staff across the Council.

5.2 *Risk including Mitigating Actions*

Misuse/abuse of the powers is potentially a criminal offence. The Council's Monitoring Officer maintains a centralised record of all the Council's authorisations/applications and proactively monitors the activity to ensure compliance with the Act and the Council's policy. The Council's policy and operational procedure is reviewed regularly and training is undertaken for all relevant officers who engage the legislation.

In addition, all officers have been made aware of the risks in connection with frequent viewing of social media sites for the purpose of gathering information on persons of interest. Such activity may inadvertently fall within the legislation and require formal authorisation.

5.3 *Legal*

The Regulation of Investigatory Powers Act 2000 regulates the use of a range of investigative powers by a variety of public authorities. It provides a statutory framework for the authorisation and conduct of certain types of surveillance. The aim is provide a balance between preserving an individual's right to privacy, and enabling enforcement agencies to gather evidence for effective enforcement action within their communities in order to improve the quality of life for its residents. Local Authorities can only use the powers for the prevention and detection of crime and their use is subject to independent oversight by Judicial Commissioners – the Investigatory Powers Commissioner's Office (IPCO) who oversee the use of investigation powers by intelligence agencies, police forces and public authorities. The IPCO undertake an audit of all Councils every three years, and Blaenau Gwent's inspection is due to take place later this year. Due to the COVID19 situation, the inspection will take place remotely.

5.4 *Human Resources*

No direct implications.

6. Supporting Evidence

6.1 *Performance Information and Data*

Access to Communications Data: relation to this category of surveillance, no applications were made.

Authorisation of directed surveillance: Two applications were made to the Magistrates' Court and granted in relation to directed surveillance - both cases related to Trading Standards investigations.

Covert Human Intelligence Sources: No applications were made.

Updated training on the topic of the use of RIPA was due to take place in 2020 but is now likely to be held early in 2021. An internal review of the policy and procedure will take place after the IPCO inspection referred to in paragraph 5.3 above.

6.2 *Expected outcome for the public*

To provide assurance to the public of the appropriate and proportionate use of statutory powers.

6.3 *Involvement (consultation, engagement, participation)*

This is not an area in which public consultation or engagement is appropriate. Internal engagement on the operation of the Regulations and Policies is an ongoing process.

6.4 *Thinking for the long term (forward planning)*

The use of the powers is connected with improving the quality of life for residents and keeping safe from harm.

6.5 *Preventative focus*

See above.

6.6 *Collaboration / partnership working*

All relevant public bodies must adhere to the same statutory regime.

6.7 *Integration(across service areas)*

All service areas are subject to the law & the policy, and the Monitoring Officer ensures oversight and consistency of approach and application.

6.8 *EqlA(screening and identifying if full impact assessment is needed)*

The Regulations are applicable to people with protected characteristics.

7. *Monitoring Arrangements*

An annual review of activity is undertaken. Reporting on activity will take place after the event to ensure no current investigation could be jeopardised by the reporting of information.

Background Documents /Electronic Links

- Link to the Council's policy and operational procedure, available on Council's Intranet.

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